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WEATHER DATA APPEAR ON PAGE 18

No. 31,440

PARIS, TUESDAY, MARCH 20, 1984

# **Budget, Farm Policy Disputes** Mark Opening of EC Meeting

International Herald Tribune BRUSSELS -- Wide divergences over budgetary issues and a change in the Common Agricultural Policy marked the opening Mon-day of a European Community

It had been clear before the opening of the 10-nation conference that the negotiations would be difficult, and delegation sources said after the opening that the atmosphere had become "tense, heavier and more difficult."

Asked how the talks were progressing, Prime Minister Margaret Thatcher of Britain said, "It's tough going."
Conference sources said some

progress on negotiations to limit contributions to the EC budget by Britain and West Germany had been reported shortly after the leaders arrived Monday afternoon. As the atmosphere became more tense, some EC leaders were blaming Mrs. Thatcher for insisting on

reducing her country's budget con-"It looks as if Mrs. Thatcher has an extremely small will to make the necessary concessions," said Prime Minister Poul Schluter of Den-

On other EC issues, Mr. Schluter said "the British negotiating position is disappointing and very little

[A West German spokesman told Renters: "The whole thing hinges on Mrs. Thatcher. She is completely unrepentant and inflex-ible." He quoted President Francois Mitterrand of France as telling Mrs. Thatcher, "I thought you had come here to make an effort."]

Failure to resolve the budget issue could bankrupt the EC later this year and lead to a weakening of political cooperation in Europe.

If the meeting succeeds, it could reinforce the determination of President Mitterrand and other EC

of cooperation in policies on indus- the German idea," a spokesmen try, defense and foreign policy.

Mr. Mitterrand is president for six months under the community's the only net contributors to the EC system of a rotating presidency. He budget of 25.3 billion ECUs, while is chairman of the two-day meet-

France submitted proposals last Friday providing for a mechanism to calculate EC budget contributions that would take into account ducing expenditures, Mrs. Thatch-

While British officials said earlier Monday that they generally wel- and is rising faster than any other comed the approach, as well as another French proposal aimed at limiting overall community spending, they said Monday afternoon that Mrs. Thatcher considered the proposals "vague."

Mrs. Thatcher is seeking to reduce Britain's net contribution to between 400 and 500 million European Currency Units (\$340 and \$425 million). This would take into account Britain's total projected annual contribution in 1984 of 2 billion ECUs and a refund of 1.5 hillion FCLIs

The refund would be double the amount Britain is seeking for 1983. But the French spokesman said we are still only talking principles, years. not numbers."

The payment of the 1983 refund being blocked by France and Italy pending the outcome of negotiations on budget issues.

What conference sources described as "something of a British-German rapprochement" involved a proposal by Chancellor Helmut Kohl that West Germany's net contribution to the EC budget, now 2.4 billion ECUs, also be reduced in the future. He did not provide fig-

"Ours is a flexible approach, to leave the option open of reductions in future payments, if necessary." a spokesman for the West German delegation said.

The proposal was welcomed by leaders to establish new programs Mrs. Thatcher. "Britain supports trial policy."

Britain and West Germany are the eight other members are net recipients. France is expected to become a net contributor if Spain ioins the EC

But the crucial condition for rea country's relative per capita er has emphasized, is limiting farm wealth, a key British demand. er has emphasized, is limiting farm spending, which represents more than 60 percent of the total budget component. British spokesmen said that the draft proposal to limit outlays before agreeing on annual pay-ments was excellent.

One of the key problems raised Monday was that a plan to limit 550 million ECUs to the 1984 farm bill of 16.5 billion ECUs. . It was not immediately clear how the leaders would handle the refus-

al of Ireland, a major EC dairy producer, to go along with the pro-posal outlined Saturday. Garret FitzGerald, Ireland's prime minister, said Ireland would seek to increase milk production by

40 percent during the next five Some delegation sources said that if no compromise were reached it could lead to a weaken-

ing, and possibly a collapse, of the dairy proposal. "It will be a Monday night of considerable talking and negotiating on most of the key issues," an

EC Commission source said. In a related development, the confederation of EC industries strongly urged the EC leaders to accelerate efforts to cooperate in modernization of industry.

Before a meeting with Mr. Mit-terrand, Guido Carli, president of the confederation, said that even if the ministers failed to agree on agriculture and finance, there was "no sense in holding back on indus-



Prime Minister Margaret Thatcher of Britain took her place opposite President François Mitterrand of France, right, for the opening Monday of the European Community summit in Brussels. Next to Mr. Mitterrand is his external relations minister, Claude Cheysson.

# Honecker Is Viewed as Prime Mover As 2 Germanies Improve Relations

By Henry Tanner International Herald Tribune

BERLIN - The prime mover behind events that have improved relations between East and West Germany and led to a proliferation of contacts between leading figures on both sides is the East German leader himself, Erich Honecker.

Among other things, in a phrase now used with approval by West German leaders of both left and right, Mr. Honecker has spoken of community of responsibility obligating the two Germanies to make special efforts for a reduction of East-West tension.

But West German commentators question the extent to which Mr. Honecker is executing Soviet poli-

fluential member of the Communist Party leadership in East Germany, in a rare conversation recently, gave his views on some of The official said that Mr. Hon-

ecker was pursuing a policy that was in the "specific interest" of East Germany and therefore perhaps different from the policies of other East European countries. But he said that Mr. Honecker had always made it plain that he agreed with the overall strategy of the Warsaw Pact and was fully committed to it.

The party official said that there was no contradiction in this, noting that it was obvious that East Germany was living in "specific conditions" that were the result of geogthese specific interests.

"If we Germans don't talk now to each other about the future, we may find ourselves talking to each other in Valhalla," he told a visitor. but reason and realism tell us that the only way for both of us to live is in peaceful coexistence.

(Continued on Page 2, Col. 5)

cies and how much his moves are dictated by specific East German interests and hopes.

raphy and history. He stressed that Mr. Honecker's task was to assure the well-being of 17 million East Against this background, an in- German citizens and insisted that he had no need to consult Moscow or any other of his allies every time he made a move in keeping with

"We don't have to love each other,

He repeated Mr. Honecker's phrase of a "community of responsibility," saying that because they live on the East-West dividing line. the two Germanies have a vital common interest "to work for a resumption of East-West negotia-tions on questions of control and

# U.S. Investigates Meese Dealings; **Hearing Put Off**

Compiled by Our Staff From Dispatches WASHINGTON — The Justice Department has opened an investi-gation into financial dealings of Edwin Meese 3d, the presidential counselor, and Mr. Meese has isked for a postponement of Senate hearings on his nomination to

be attorney general.
Senator Strom Thurmond, the South Carolina Republican who is

The White House staff is still not running smoothly, administration officials say. Page 4.

chairman of the Senate Judiciary Committee, granted Mr. Meese's request for a postponement.

Mr. Meese had been scheduled to testify at a second round of hearings set to begin Tuesday before the

In an announcement Sunday evening, the White House spokesnan, Larry M. Speakes, said that Mr. Meese acted after being notified that the Justice Department had decided to start a preliminary investigation under the Ethics in Government Act of 1978. The inquiry relates to a loan that Mr. Meese had failed to declare as required by law.

The investigation could lead to appointment of an "independent

counsel," or special prosecutor. Mr. Speakes said Sunday: "The president stands solidly behind the nomination and the president approved the request by Meese for a delay in the hearings."

The announcement came as Senator Joseph R. Biden Jr. of Delavare, who is the ranking Democrat on the committee, said he and a majority of the other committee members would probably vote against Mr. Meese unless questions about his "integrity" were cleared

One Republican committee member, Senator Charles McC. Mathias of Maryland, said Monday that the Justice Department inquiry would hurt Mr. Meese's chances of confirmation.

The attorney general must be perceived to be absolutely above any suspicion." Senator Mathias said in a television interview. "And it's going to be a tough job to make that kind of a clear and unblemished record for Ed Meese as a result of all of these investiga-

Asked what he thought the effect would be if the department did name a special prosecutor, Senutor Mathias said that, "at some point the president has to take account of what the political fallout is and to make some sort of a judgment on his own behalf, and I think that would be the point at which that judgment would made."

The Senate minority leader. Robert C. Byrd of West Virginia. announced Monday that he would vote against Mr. Meese's confirmation, saying: "He's in trouble."

The Senate Republican leader, Howard H. Baker Jr. of Tennessee, said he had "not seen anything that would remove my support for

Senator Byrd particularly criticized the FBI for not finding the loan when it conducted a routine background check on Mr. Meese and said he would introduce legislation to revamp the system for checking out presidential nominees, giving more responisibility to the independent Office of Government Ethics.

In his letter, Mr. Meese said: "I (Continued on Page 2, Col. 3)

# A CHRONICAL TO SECURITION OF THE PERSON OF T

Walter F. Mondale, left, Gary Hart and the Rev. Jesse L. Jackson laugh during a televised debate in Chicago.

# Mondale Expected to Win Most Illinois Delegates

Compiled by Our Staff From Dispatches CHICAGO - Senator Gary results were based on interviewing Hart appeared to hold a narrow Wednesday through Saturday and lead in popularity over Walter F. therefore did not reflect any impact Mondale in Illinois on Monday, of the weekend's caucuses and prithe eve of the state's crucial primary election, but Mr. Mondale had Sunday night. Since many surveyed the edge in the contest for the said they had not been following state's delegates to the Democratic the race closely, such events and

nominating convention. The primary here Tuesday will be the biggest trophy so far in the

Senator Hart's congressional record shows his top concerns are defense and energy. Page 4.

Democratic presidential campaign with 171 of the state's 194 Democratic delegates at stake. The outcome of the voting may well be determined by 11th-hour develop-

There will also be voting Tuesday in Minnesota, where Democratic caucuses start the process that will eventually determine which candidates get the 75 piedged delegates among the state's 6-member delegation to the national environ. Mr. Mondale is heavily favored to claim a homestate victory, although final results are not expected for several days.

The spotlight shifted to Illinois Monday after the higgest week of the campaign so far - 15 state primaries and caucuses and a handful of special contests — in which Mr. Mondale bounced back from losses in New England by winning seven of the states and doubling his delegate margin over Mr. Hart. By Monday he had 525 delegates to

Mr. Hart's 317. A Washington Post-ABC News poll in Illinois showed Mr. Hart leading Mr. Mondale, 40 percent to 35 percent, among people who dewithed themselves as certain to vote. The Rev. Jesse L. Jackson pect of the Sudanese situation. trailed, with 16 percent overall, but with support from more than half gence information left no doubt

mary or a candidates' debate here other campaigning could have a major effect on the outcome.

Mr. Mondale is favored to take most of the delegates in Illinois Tuesday even if Mr. Hart wins the popular vote, because delegate selection and candidate preference are two different elections.

Mr. Hart's chances of winning the contest for delegates were crippled when his fledgling campaign

are favored in at least two Chicago mer. districts.

inching ahead day by day, but not modern history. to within striking range of the two leaders.

three Democratic presidential sur- Democracy, vivors, clashed over civil rights, Chicago politics and "new ideas," Mr. Hart's campaign theme. win," Mr. Mondale said.

"In the race for new ideas, I

the blacks interviewed. These results were based on interviewing Wednesday through Saturday and therefore did not reflect any impact pledged delegates loyal to Chica-go's mayor. Harold Washington, Party selects a nominee this sum-

> There were several barbs direct-As for Mr. Jackson, the black ed at President Ronald Reagan, activist whose home base is Chica- whom Mr. Mondale called "one of go, the poll tended to find him the most gifted baloney artists in

The highlight of the televised 60minute debate came when Mr. Hart In Sunday night's debate, the handed a copy of his book, "A New to Mr. Mondale as evidence of the new ideas he had brought to the campaign.

"Leadership is taking the risk of putting specific ideas in the public arena. Mr. Hart said, "knowing failed to file more than 42 delegates. He has "adopted" 35 others

While Mr. Mondale and Mr. full well that your opponents can who promised to provide the Stinghad been hoping to coax King Husgates. He has "adopted" 35 others

While Mr. Mondale and Mr. full well that your opponents can who promised to provide the Stinghad been hoping to coax King Husgates. He has "adopted" 35 others

Hart argued over ideas, Mr. Jack-take a shot at it." (WP, UPI, AP) ers when Hussein visited the White sein toward peace talks with Israel.

fired anti-aircraft missiles to Jor-But Mr. Reagan, citing a promise Larry M. Speakes, said Monday to King Hussein, has rejected the that the administration intended to advice, administration and con- press ahead with the sale.

By John M. Goshko

gressional sources said Monday. The sources said that congressional indignation caused by King Hussein's criticism of the United Stingers valued at \$133 million.

The sources said Mr. Shultz and Republican congressional leaders have told Mr. Reagan that attempting to go ahead with the sale was likely to end in an embarrassing defeat

They also warned that the fallout from a bruising congressional fight could damage the administration's plans to get Congress to agree to spend \$220 million to create a Jordanian strike force for use in the Gulf and to sell 1,200 Stingers worth \$140 million to Sandi Ara-

The sources said Mr. Reagan has been reluctant to follow their advice despite the fact that King Hussein accused the United States of having a one-sided bias toward Israel only a day after the president risked the anger of Jewish voters in the United States by supporting the arms sale to Jordan in a speech to a Jewish organization.

The sources said Mr. Reagan,

House last month, believed his word of honor was at stake.

Washington Past Serme WASHINGTON - Secretary of The sources said the president's State George P. Shultz and key disposition was not to withdraw the Senate Republicans are reportedly sale notification sent to Congress urging President Ronald Reagan to on March I and instead to let Congress take responsibility for halting drop the proposed sale of shoulderthe transaction.

U.S.-Jordan Missile Deal

**Is Meeting Opposition** 

The White House spokesman,

In response to King Hussein's warning Sunday that he was prepared to turn to other arms suppli-Hussein's criticism of the United ers including the Soviet Union, Mr. States last week was expected to Speakes said: "It is reasonable to result in legislation barring the adassume that were he not to get arms ministration's plan to sell 1,613 here from the United States he might logically feel he should go

> The White House position has not been received favorably by are unenthusiastic about being forced into a public debate over aid to Jordan during an election year. A letter circulated by Senator

egon, calling on Mr. Reagan to reconsider the sale, has been signed by more than 40 senators. Congressional sources said Sena-tor Packwood probably would have more than 50 signatures, which is a a majority of the Senate, by the

time he makes the letter public later

Bob Packwood, Republican of Or-

In a newspaper interview last week, King Hussein said that U.S. bias toward Israel had caused him to lose faith in the Reagan's administration's ability to advance the Middle East peace process.

The harshness of his remarks shocked the administration, which



John Kifner



Kevin Ruane

# Poles Question Reporters On Links With Lawyer

By Dan Fisher

Los Angeles Times Service WARSAW - Two Western correspondents were questioned at Warsaw police headquarters Monday about their involvement with a Polish defense attorney who is accused of slandering the state.

Kevin Ruane of the British Broadcasting Corp. and John Kifner of The New York Times said they had declined to answer questions regarding the lawyer, Wladyslaw Sila-Nowicki, on the principle that journalists have to protect the identities of their sources.

Mr. Kifner, 42, said he was warned that he was subject to Polish law, which provides for a prison term of up to five years for refusing to answer investigators' questions. He repeated his refusal after the warning.

It was not immediately clear whether the authorities would pursue the matter. Both journalists were released after brief sessions Monday — Mr. Ruane after two hours and Mr. Kifner after one hour at the Interior Ministry. The summons were seen here as

an attempt to intimidate Western newsmen generally and to discourage dissident Poles from giving them information.

Both men reported last month on an open letter from Mr. Sila-Nowicki to the Polish leader, General Wojciech Jaruzelski, in which the 70-year-old lawyer accused the authorities of flouting the system of justice in their handling of three related and highly sensitive political cases.

The authorities subsequently announced that Mr. Sila-Nowicki was under investigation for slanderous statements which harmed Polish state interests.

An Interior Ministry interrogator asked both journalists Monday how they had come into possession of the letter. "I said that as a journalist I could

not reveal my sources," said Mr. Ruane, 51. "They didn't seem to dispute that at all," he added.

Mr. Kifner said he refused to answer a similar question as well as others related to his contacts with the attorney.

"I respectfully declined to answer due to my newspaper's policy of protecting sources." Mr. Kifner said. He added that the interrogating officers reminded him that refusal to answer questions was punishable by up to five years' imprisonment but did not press the point

A former adviser to the sincebanned Solidarity free trade union movement who spent 10 years in prison after the postwar Communist takeover of Poland, Mr. Sila-Nowicki has made a career of defending people accused in political

His letter, addressed to the Polish leader, General Wojciech Jaruzelski, was the sharpest public charge yet of attempts to cover up official responsibility for the death of Grzegorz Przemyk. 19, who died of injuries suffered after he was detained by police last May.

nalists was seen as the most serious move against Western newsmen by the Polish authorities in more than

The questioning of the two jour-

# U.S. Sends AWACS to Help Sudan's Forces After Air Raid

By Bernard Gwertzman

New York Times Service WASHINGTON - The United States has dispatched two AWACS surveillance planes to Egypt to boister air defenses in Sudan against a repetition of Friday's air raid on the city of Omdurman, administra-

tion officials said. The officials said Sunday that the action was authorized by President Ronald Reagan after Washington received a joint request from Egypt and Sudan, which have a defense treaty.

The dispatch of the AWACS planes was carried out in secrecy. Neither State Department nor Defense Department spokesmen were permitted to comment on any as-American officials said intelli-

aimed at the main Sudanese radio that Sudan had invented the charge had planned any such action. station. The bombs missed the sta- to win Washington's support tion and its transmitter but hit nearby buildings including one belonging to the station. Five persons were killed in the attack. The plane officials said, took off and landed

Sudan's president, Gaafar Nimeiri, has also accused Libya of staging the raid and of providing assistance to an insurgent movement in southern areas of the country. Libya has been accused in the past of plotting against the Nimeiri government, and U.S. AWACS planes have been sent to the region twice in the last 13 months because of concern over Libyan activities.

The official Libyan press agency

that a Libyan Air Force plane, a denied Sunday that a Libyan plane TU-22 bomber based at an airfield had attacked Omdurman. The agency said that ambassadors from attack, which was apparently all African countries had been told Libya. The Libyans denied they against the insurgents.
The United States has been in

touch with Egypt in recent days to coordinate moves. The two sides agree, officials said, that Egypt should take the lead in Sudan in view of its historical ties to the country that controls the Upper Nile and of the defense pact, which

is directed largely against Libya. In February 1983, after intelli-Egypt at the same time as a carrier enemy aircraft. in the Mediterranean was diverted

Last August, Libya, whose forces

control the northern part of Chad, supported renewed attacks by rebel forces in Chad against the government of President Hissène Habre. Two surveillance planes were sent to Egypt and two to Sudan during that crisis.

The AWACS, whose full name is Airborne Warning and Control Systems, is a converted Boeing 707 gence reports of a Libyan plan to bearing large radar disks on top of bomb Khartoum and to forment an the cabin. In addition to keeping internal insurrection, the United track of all planes in the vicinity, it States sent four AWACS planes to can direct fighter jets to intercept

Officials repeated Sunday that to international waters near Libya. the United States had no intention

of intervening in the civil conflict in Sudan, which has resumed after a decade of relative calm. The conflict involves the predominantly Moslem north, which runs the government, against elements in the Christian and animist south who seek independence or more autono-

The fighting reportedly started last fall when President Nimeiri sought to impose Islamic law on the entire country and to weaken the political force of certain tribes in the south through the creation of new provinces intended to disperse their strength.

■ Sudan Requests UN Meeting Sudan called Monday for a meeting of the United Nations Security Council to condemn what it described as Libyan aggression, Reuters reported from Cairo.

# INSIDE

women in India.

BUSINESS/FINANCE

China said it wanted to expand its U.S. trade. Page 9. SPECIAL REPORT

my today,

■ China's state airline is uying to overcome its reputation for surliness, incompetence and

■ In El Salvador, an election speciacle attracted a crowd for Roberto d'Aubuisson. Page 3 ■ A Hindu festival turned into a pretext for the harassment of

■ The prime rate was raised by many U.S. banks to 111/2 percent from 11 percent. Page 9.

■ Part II of a two-part special report on the Japanese econo-

TOMORROW

# Insiders Write About a City of Kickbacks and Scandal

By John Vinocur New York Times Service

NICE — For a gorgeous city, people talk badly about Nice. For a place whose bay shines with a dozen gradations of blue, for a town where the early morning smells are still of flowers and the sea, the line on Nice can be hard.

Nietzsche, who lived here a century ago, spoke cruelly of the city. the locals recall, describing the citizenry as rapacious. Tobias Smolett, the Scottish novelist, they remember, gave Nice low marks as well. Graham Greene, who has a house nearby, brought things up to date a few years ago, writing an accusatory pamphlet in which City Hall, the police and the Nice establishment came off as crooks and thugs.

Until recently, most of the complaints were made by "foreigners" from up north, people said here to be so rigid, so frozen of spirit as to mistake Mediterranean tolerance, solidarity and pace for plotting, or ss, or sloth. When they could, the Niçois would strike back. The plaque at Nietzsche's house, now a cut-rate furniture store, describes him as a "tormented genius" just passing through.

In the past two years, something has changed. Two books, written by men who have spent all their lives in Nice, have appeared, insid-ers' viewpoints that find the city who embezzled \$50,000: no arrests, corrupt, maddening and now on

Nice's philharmonic orchestra, its growing university, a new convention center, don't count much.

By David B. Ottaway

Washington Post Service

a compromise formula Monday to avert the appearance of total fail-

ure of their national reconciliation

talks that were deadlocked over the

issue of a new power-sharing for-

The picture was complicated by

the departure of former President

Suleiman Franjieh, a Maronite

Christian, from the Syrian-backed

opposition National Salvation Front because of disagreements

After eight days of intensive dis-

wearying rapidly, and the Druze leader, Walid Jumblat, said that a

kind of "rubbish compromise"

containing "vague promises" of fu-

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ture constitutional changes was in

with his Moslem allies.

LAUSANNE, Switzerland -

Lebanon's factional leaders sought of saving more lives, then I'm

cussions, all parties seemed to be give Mr. Berri little to take home

an obstacle.

Chinatown-like tongs that battle spokesman of the Socialist governamong themselves, kill each other, ment in Paris, pushed the theme but resolve their disputes by their own private standards in a way that meaning that in Nice everything is makes Nice the inevitable loser. By one of the book's statistical analyses, there is more crime per inhabitant between La Promenade des Anglais and the hills behind the city than in New York or Chicago.

The cumulative effect is that the old sunshine words associated with Nice are being replaced; in the cur-rent issue of French Vogue for Men, an article describes a celebrity as dressing as vulgarly "as a Nice

The hard look at the city extends even to La Baie des Anges, the magnificent sea crescent that is Nice's rim of blue. It's no Bay of the Angels with a celestial connection, according to Michel Franca, co-author of one of the muckraking books, but a body of water literally named after a local fish - a member of the shark family.

Nice's defense now is to admit its troubles, but to revel in its contradictions and to relish telling the outsider that he will not easily understand how things work here. Don't complain, don't explain: That is the firmest local rule.

A law enforcement official, recently transferred to Nice, tells a no charges, the money is quietly replaced. An official of a cultural festival, he goes on, defrauds another large sum. His friends "handle the problem."

construction scandals, a place of struction worker and now the angovernment, which executes Ira-

"If it's a compromise for the sake

ready, even if its a rubbish compro-mise," he said. "I'm not going to be

Mr. Jumblat, who commands

one of the two main Moslem mili-

tias, said that he was ready to abide

by a new cease-fire if the Christian

It was not clear whether the Shi-

ite Moslem Amal militia leader,

Nabih Berri, another main opposi-

tion leader, would accept the pro-

posed deal. The proposal, as out-

lined by Mr. Jumblat, seemed to

other than a commitment in princi-

ple to more radical change in the

tian leaders met again in a plenary

session late Monday night in a final

attempt to agree on the wording of

the proposed final conference

President Amin Gemayel, the

conference chairman, was circulat-

ending Lebanon's system of dis-

tributing top government positions

according to religious affiliation

The issue of whether to do away with or modify the system in which

religious sect determines the distri-

bution of the major political posts

has been the main dispute between

Christians and Moslems at the con-

ranks of the opposition.

Mr. Franjieh broke with his two
Moslem colleagues in the National

Salvation Front, former Prime

Minister Rashid Karami, a Sunni

Moslem, and Mr. Jumblat, over

Mr. Franjieh said he regarded

REF NO 1C/84/0096

the opposition front as dead and

criticized Mr. Karami and Mr. Jumblat for not keeping the agree-

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vice jobs.

militia also agreed to it.

"tout s'achete, tout s'arrange,' ranged. Mr. Franca, a friend of Mr. Gallo, says with hindsight that he is not sure the tone was exactly right since the Socialists lost heavily in last year's municipal election.

"The Niçois is a booster in a funny way," he says, "Tell him the town is corrupt, and he'll say 'Sure' and then insist that it's a special Nice kind of corruption that isn't really corruption and that no out-sider will be capable of understand-

There are clans within clans overlapping other clans, and none of the clans matter if the issue is Nice and old friends. For the prefect of police, Etienne Ceccaldi, appointed to Nice after 12 years as a prosecutor in Marseille, the interlocking groups here form an enclave, tighter and more secretive than any he had known before.

"If I talk to you about La Camorra," said William Caruchet, a Nice lawyer, "then your face goes all white because you think I'm talking about some Mafia like they have in Naples, something suspect, criminal. No, it doesn't mean that to Nice people. Here, it means our kind of solidarity, a certain comprehension of things. It's a kind of establishment. It means, 'He's from Nice, he's one of us.' "

yer and a member of the Communist Party, the president of the Po-The argument is that Nice is a rich In an election campaign here, lish-French Friendship Society and Naples, a city of kickbacks and Max Gallo, the sou of a Nice conthe attorney in France of the Irani-

But he still refused to align him-

self formally or meet with the two

Maronite delegates, the Phalangist

Party leader, Pierre Gemayel, Pres-

ident Gemayel's father, and former

Both the Moslems as a group and

the two Christian leaders drew up

their final positions Monday and

submitted them to President Ge-

mayel and Vice President Abdel-

Halim Khaddam of Syria, who is

It was on this basis that Mr.

Gemayel then submitted his draft

of the conference statement that

was expected to be made public in

Three persons were killed and 38

wounded in and around Beirut

Police said the casualties took

Monday, The Associated Press re-

In Czechoslovakia

VIENNA - Czechoslovak uni-

versity students and some munici-

cized a decision to station new

Soviet missiles in their country,

Letters of concern about the de-

ployment also continue to appear in government-controlled newspa-

pers, according to the sources, who

are in regular contact with dissi-

dents in Czechoslovakia. Czecho-

slovakia pledged last year to accept

Soviet nuclear missiles on its soil in response to NATO deployment of new missiles in Western Europe.

In another recent protest, the

source said university students

èmigré sources said Monday.

playing the role of chief mediator

at the conference,

its final form Tuesday.

The five Moslem and four Chris- 

Beirut Fighting Continues

except for lower-ranking civil ser- Protests Reported

ference, causing a split even in the pal government officials have criti-

President Camille Chamoun.

Mr. Caruchet is a criminal law-



La Baie des Anges, the Bay of Angels, in Nice: celestial connection or territory of sharks?

His clients include Jean-Maurice Agnelet, a disbarred attorney and leading Masonic figure who was accused of fraud and homicide in connection with what is known in Nice as the "casino war." It concerned criminal takeover attempts involving the city's two major casinos that led to national government intervention, the closing of both casinos and the flight from prosecution in France of Jean-Dominic Fratoni, a casino owner and a boyhood friend of Mayor Jacques Me-

seems strange too that my asso- shining Mediterranean; and then

eign Legion officer and a former homes, a declining population, a chief of the OAS," the Secret Army convention center that may be too Organization that tried to block big, an investment beyond the Algeria's independence from

"We think all this is normal," Mr. Caruchet said. "Judges come to Nice and they have nervous breakdowns. Cops get bad reputations. Lawyers stay busy. But you watch out for your friends here. Outside of Nice, this just doesn't happen the same way, it isn't easily understood."

For a visitor just passing through and listening to the conversations. "Do you think it's odd that I the contrasts are startling: the city's would be Agnelet's lawyer?" Mr. clean streets, the perfect flower Caruchet asked. "Then maybe it beds in the middle of the roads, the

ciate, Jacques Peyrat, was a For- the talk, hotels turning into old-age

In the mid-1970s, the mayor's friends spoke of turning Nice into a French Las Vegas; now, with the casinos closed, they smile and talk of how the carnival went this month, the good crowds and the funny floats. Mr. Medecin has explanations

for the gulf between Nice's appearance and its conversational efflu-ent. Graham Greene, "an aging man." the mayor insists. "was put up to what he wrote by Mr. Gallo." In fact, Mr. Medecin said, the city and its tourist business are re-

Unter den Linden, East Berlin's

The notion that peace requires the dissolution of NATO and the

Warsaw Pact, while put forward by

some of the Greens, is rejected by

the established West German par-

ties as well as, according to the

party official, by the East German

But many West Germans, espe-

cially West Berliners, fear that Mr.

Honecker's overtures are aimed es-

sentially at softening West Germa-

ny's commitment to the Western

alliance and, in the long run, at

weakening the special status of

West Berlin. Some of these fears

in Bonn, nevertheless, the gov-

ernment's policy of accommoda-

tion with East Germany has broad

ondary issues, a fact borne out by last Friday's Bundestag's debate.

to go further than Mr. Kohl.

The Social Democrats are willing

After delegations from the East

have surfaced in the West German

main thoroughfare.

government.

# Protestant Major Wounded in Belfast

WORLD BRIEFS

LONDON (Combined Dispatches) — Police protected thousands of coal miners as they crossed militants' picket lines Monday. The police reported that most workers in about a third of the mines who have workers

U.K. Police Protect Working Miners

India Calls Up Navy in Dock Strike

Seven persons, including police officers, were killed in the port of

Paradip when armed police intervened to quell a clash between two rival factions of a dock union, authorities said. About 500 people were

reported wounded. Port officials said rioting dockers snatched rifles from

police and opened fire, killing five policemen.

Navy troops deployed at the southern Indian port of Tuticoria unload.

ed a ship carrying coal for the local thermal power station, officials said.

The Indian National Port and Dock Workers Federation condemned the

.K. Probes Leak of Military Data

LONDON (Reuters) — The police are investigating allegations that a civil servant sold confidential military documents to The Observer, a

A police spokesman said Monday that Defense Ministry documents were passed to the Sunday paper. The documents were the basis of articles published in November alleging inefficiency in the Defense

Ministry, as well as overspending and cover-ups. It is the latest in a number of leaks to the press by disenchanted civil servants that have

embarrassed Prime Minister Margaret Thatcher's government.

Last week, Mrs. Thatcher ordered the police to find out how The

Guardian newspaper managed to forecast virtually the entire British budget two weeks before it was announced.

eovernment's calling out the navy.

leading British newspaper.

BELFAST (AP) - Masked gunmen shot and wounded a part-time. major in the Ulster Defense Regiment on Monday when he arrived for work at Belfast's blood transfusion center, police reported.

The major, who was not identified, was shot several times at pointblank range by two men, said Inspector Jim Boyda, a police spokesman. The victim, a Protestant in his mid-30s, was taken to Royal Victoria. Hospital, where a spokesman said his condition was serious.

The shooting came as police in Belfast interrogated Dominic McGlinchey, the chief of staff of the Irish National Liberation Army who has

boasted of killing 30 people since 1972. Mr. McGlinchey, who was captured Saturday in the Irish Republic and extradited to Northern Ireland, is expected to be arraigned this week on a charge of murdering a 63-year-old postmistress in 1977, authorities said.

# Hanoi Moves Toward Cambodia Talks

SYDNEY (Reuters) - Vietnam held out hopes Monday of a regional conference on Cambodia following agreement that the five-year-old

conflict should be given priority in any regional security talks.

Foreign Minister Nguyen Co Thach said at a news conference in Sydney that Australia, Indonesia and Vietnam should contact other governments to "find some appropriate forum for discussions." Vietnam previously said that wider regional security issues must be included in any regional conference agenda, while non-Communist Southeast Asia has insisted that talks focus on Cambodia and the withdrawal of Vietnamese

Mr. Thach listed five points that Hanoi would be willing to discuss as a first stage toward peace and stability in the region. They were: Vietnamese troop withdrawals; the elimination of the Khmer Rouge as a political and military force; a safety zone on the Thai-Cambodian border, security of Vietnam's own borders and self-determination without the Khmerbipartisan support except on sec-

# **Belgian Austerity Plan Wins Support**

BRUSSELS (Reuters) - Prime Minister Wilfried Martens of Belgium ments held a joint meeting recently, Mr. Kohl objected on the grounds that it tended to obscure the conhas won a parliamentary confidence vote on a plan to reduce Belgium's

The plan is intended to cut the deficit from 12 percent of the gross domestic product to 7 percent by 1987. It is to take effect before the end later this month of a period of special powers that enables the government to decree economic measures.

A feature of the plan is a change in the inflation indexation system, which will mean an annual 2-percent cut in the real value of wages and welfare benefits for each of the next three years. The plan also aims at: shoring up the Belgian franc.

# Nkomo Charges Rally Was Disrupted

HARARE, Zimbabwe (Reuters) — Youthful supporters of Prime Minister Robert Mugabe disrupted an opposition party rally Sunday, juring 10 persons, the opposition leader, Joshua Nkomo, said Monday Mr. Nkomo, the leader of the Zimbabwe African People's Union, said about 200 youths armed with axes, hatchets, bricks and sticks had attacked hundreds of ZAPU members in the midlands town of Kadoma. He said that police used tear gas to disperse the youths and that the rally. at which he was to speak, had to be canceled.

Mr. Nkomo, who returned to Zimbabwe from self-exile in Britain in August, claimed when he left the country that Mr. Mugabe had ordered him killed. He said Monday that he had planned to use the rally to press for an open debate on Mr. Mugabe's intention to set up a one-party state

# U.S. Court to Rule on Indians' Claim

WASHINGTON (UPI) — The Supreme Court agreed Monday to rule whether the state of New York can be held liable for taking five million acres of land from an Indian tribe over the past two centuries.

The justices said they would review a lower court ruling that said the counties of Madison and Oneida and New York state must psy the Oneida tribe damages for negotiating unfair contracts to take over their lands. The court will hear arguments in the case next fall.

While the suit before the court involves only a few acres and damages of \$16,000, the lower court rulings in favor of the tribe place in question, the ownership of nearly five million acres in New York state. It eventually The Delaware Democrat spoke in a telephone interview as admincould involve lands from Pennsylvania to the Canadian border worth up. istration officials considered to \$1 billion. Between 1795 and 1846, New York state bought much of the whether to invoke executive priviland for 50 cents an acre and then sold it to settlers for \$3.53 an acre. The Oneida tribe filed a lawsuit in 1970 asking for New York and two counties to pay damages for the loss of their lands. lege to resist his request for testi-mony from three top White House officials about how people who had helped Mr. Meese financially got

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# For the Record

ese kidnappers demanded a ransom Monday of 1 billion yea (about \$4.4 million) in cash and gold for a businessman who was dragged from his bath Sunday night, police said. They abducted Katsuhisa Ezaki, head of a large confectionary company, in Nishinomiya city in western

ble. I don't think he would get the votes of the majority of the Demo-crats and I think he'd be in trouble A Shanghai court has sentenced Tao Shanben, who was described as a... remnant of the Gang of Four, to life in prison on charges of spying for Taiwan and for counterrevolutionary activities, the Liberation Daily with regard to several of the Re-"I would vote against Meese" on

reported Monday. (AP)

A grenade exploded in a car in Paris Monday. Paul Nuhzer, 26, who police said was in the act of planting the grenade on a street in central Paris, lost his left arm in the explosion. They added that the owner of the The committee has 10 Republicans and eight Democrats. To be confirmed, Mr. Meese must win the car was known to have strong links with the underworld. (Reuters)

A Kenyan court sentenced Hezekish Ochuka, 30, the alleged leader of a coup attempt in August 1982, to death Monday on charges of treason. The 30-year-old former air force senior private denied being a leader of the revolt but said he took part under orders from superiors. (AP)

votes of a majority in the Republi-can-controlled Senate, which would be difficult if the committee were to disapprove his nomination. who asked not to be identified, told

Senator Strom Thurmond, 81. a Republican who has been a mainstay of South Carolina politics for more than four decades, announced Monday he will seek re-election to his sixth full term in the Senate. (AP). President Li Xiannian of China arrived in Katmandu Monday night on the first visit to the Himalayan kingdom of Nepal by a Chinese head of state. Mr. Li is on the last stop of a four-nation tour that included Pakistan, Jordan and Turkey. (Reuters)

Mr. Messe's main opponent on the committee. Senator Howard Metzenbaum, an Ohio Democrat, said through a spokesman that the Justice Department action was appropriate.

(NYT, AP, UPI)

The U.S. Supreme Court, in a move that could save consumers \$1 in the committee of the consumers \$1 in the committee of the consumers \$1 in the country of the consumers \$1 in the country of the consumers \$1 in the country of the

# Franjieh Leaves Opposition Front Pravda Says As Lebanese Peace Talks Stagnate the making, and that he had decided to accept them. ment the three had struck prior to the Lausanne conference reparation. Routed Rebels

MOSCOW - The Soviet Communist Party daily Pravda said Monday that Afghan government troops routed a 3,000-strong rebel force trying to install a U.S.-backed provisional government close to the Pakistani frontier.

It said that 600 guerrillas were killed in fighting for control of the garrison town of Urgun late last year and gave all the credit to the government forces. The account was the latest in a recent series of Soviet press articles to shed light on the scale of fighting in Afghanistan. Western diplomats said the arti-

cle, which did not mention Soviet action in the battle, appeared to be aimed at showing that the Afghan Army could hold its own.

About 105,000 Soviet troops support the Afghan Army, heavily depleted by battle and desertion, in its war against the Moslem mujahidin fighters.
Afghan forces with Soviet air

place in overnight fighting along and artillery support lifted a guerthe Green Line between Christian rilla siege of the eastern Alghan ing a new draft that, according to East and Moslem West Beirut and mountain town late last year, acone report, left out any reference to in artillery attacks on residential cording to reports from Pakistan. Prayda said the U.S. Central In-

telligence Agency had pressed "the ringleaders of the Afghan counterrevolution entrenched in Pakistan" to form a provisional government in a zone based on Urgun.

Promises were made of immediate recognition of the puppet government and prompt assistance from the United States and its al-

lies," the newspaper said.

More than 3,000 "bandits" swarmed across the Pakistani fron- who had called on each of the Ger-

Pravda said. bushes by "counterrevolutionar-ies." lifted the rebel siege, killed The meeting had been arranged

Pravda said.

# **Honecker Called Force** Afghan Army In New German Ties

(Continued from Page 1) ultimate reduction of nuclear

Chancellor Helmut Kohl of West Germany used the "community of responsibility" phrase in his state of the union speech to parliament Friday. Hans-Jochen Vogel, the leader of the opposition Social Democrats, had used it at a press conference in East Berlin a day

Going a step further, the East German official described the tie between the two Germanies as a "security partnership," noting that neither of them would ever be able to live in security unless the security of the other was equally assured. The security partnership should take the place of mutual deterrence, he said.

He said it was nonsense to think that peace could be achieved by dismantling the power blocs of East and West, as some of the more radical members of the Greens party in West Germany have suggest-

On the contrary, he said, cooperation and improved relations be- ments held a joint meeting recently, tween the two German states were ments were fully conscious of the trast between the democratic West fact that each was a member of its and the Communist East. Howevrespective alliance, the Warsaw er, Mr. Vogel and other Social Pact and North Atlantic Treaty Or
Democrats urged continuation of ganization, with corresponding ob-ligations. On both si

"Anything else is absurd, a ment is described as an effort to dream, a fantasy," he said.

The official took issue with what he called the thesis of Günter Grass, the West German author, tier into Paktia province and made man governments to put itself representation of the superpower munist Party official noted that Prayda said.

Referring to that point, the Communist Party official noted that

600 and took many prisoners, with the understanding that it was The Afghan soldiers demon- mal conversation. It took place in

On both sides, the rapproche-

protect the inner-German relation. ship against new U.S.-Soviet tensions before and after deloyment of the new nuclear missiles on both sides of the German border.

ravda said.

to which it is allied in order to

East Germans had failed to prevent
the Afghan Army entered the block the road to further nuclear the stationing of the Pershing-2 in Urgun valley through snow-bound tension. This is not the way things West Germany, but, he stressed, mountain passes and, despite amwork, the East German party offithey did not draw the conclusion from that that they should give up efforts to relax tensions.

He said that, on the contrary, not an interview but a long infor-mal conversation. It took place in "signposts" to make it clear that his strated that they can cope with an office at the sprawling headcomplex tasks requiring high military skill and courage," it said.

Committee, a short distance from with the other Germany.

government jobs.

Senator Biden said: "If the vote

were held today without any fur-

ther explanation from Mr. Meese, I

think he would be in serious trou-

the basis of the record as it stands,

One Justice Department source,

be difficult to confine the inquiry to inaccuracies in Mr. Meese's fi-

### posted an appeal last month calling for the dismantling of Soviet mis-siles in Czechoslovakia. The émi-U.S. Investigates Meese Financial Dealings grés said they were not familiar with the manifesto's text.

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(Continued from Page 1)

Biotech Capital Corp., from Edwin in serious trouble" unless new hearwelcome this inquiry by the Justice
W. Thomas, an old friend. Mr.
Department. It provides a full opThomas became an aide to Mr.

Thomas became an aide to Mr.

Thomas became an aide to Mr. Department. It provides a full op-

and have been undoubtedly moti-vated by election-year politics."

information concerning the 1982. \$15,000 loan received by my wife in for our children's education."

loan in late 1980 or early 1981 to tent."

portunity to evaluate and to expose Meese in the White House in 1981 the baseless insinuations that have and was named as the San Francisreceived extensive media exposure co regional administrator for the General Services Administration in

Mr. Thomas's wife, Gretchen, Mr. Meese told Senator Thur- was appointed to a federal job as an mond that the Justice Department attorney examiner and presiding would be looking into "certain official for the Merit Systems Protection Board in San Francisco in tection Board in San Francisco in

Mr. Meese said last week that his connection with stock purchased mitial failure to disclose the loan on his financial disclosure state-He referred to an interest-free ment for 1981 had been "inadver-

Ursula Meese, which he disclosed for the first time last week along with the purchase of stock in the said that the nomination "would be

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THE ARE the state of the s

party, the Nationalist Republican
Alliance, staged the game Sunday
before about 30,000 cheering supking diposition in

Miller mark rard Cambasha 🖟

ing Mr. Pickering and another wearing a mask of President Ronald Reagan were making conciliatory movements to the team representing the d'Aubnisson party.

Reagan administration has said it will support whoever wins the elecuons, it has distanced itself from Mr. d'Aubuisson, most recently by denying him a visa March 5 to visit the United States.

cused by Robert E. White, former U.S. ambassador to El Salvador, and others of running rightist death squads believed responsible for many of the thousands of political killings in El Salvador since 1981.

some of the speeches the candidates have been making about each other, was all in fun. Mr. d'Aubuisson had warmed up the pompon- and flag-waving

crowd with a variation on the pointedly nationalistic speech he has given throughout the bitter Addressing himself directly to

the foreign reporters in the crowd the wiry former army major said: "You have lied when you say that we're in a civil war. We are the victim of a foreign aggression."

He dismissed any ideas of resolving El Salvador's conflicts through

alk with the government opposi-We are never going to negotiate, we are never going to dialogue, we are never going to surrender,

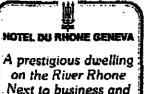
The sun-drenched crowd, wearing nearly identical red, white and

### Peru Lifts Curlew, Says Rebels Are Retreating

Reuters LIMA — Military authorities

have lifted a 15-month curfew in the city of Ayacucho, the first stronghold of the Shining Path guerrilla group that has been fighting the government for three years.

General Adrian Huaman, commander of the area under a state of emergency in 12 of Peru's 159 provinces, said Sunday that the Maoist rebels' activity in the central Andes was under control. "We have dismantled them. They are on the retreat," he said.



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José Napoleón Duarte walks among supporters during a rally in Santa Tecta.

# In El Salvador, an Election Spectacle Attracts Big Crowd for d'Aubuisson

Mr. D'Aubuisson supporters

"Never has he said one word on

return the banks to private enter-

prise, that he will return the land to

Mr. Duarte promised new aid to

The crowd, which massed in Santa Tecla's central plaza, was not

Security around Mr. Duarte was

ished, stumbling several times as he

The third major candidate, Fran

his difference station warde

farmers and small businesses to help reactivate the economy.

its old owners."

By Richard J. Meislin blue party caps, erupted into cheers it, along with the military, ruled the in unison and waved their red, country.

New York Times Service white and blue party flags and SAN SALVADOR --- A squad from the rightist Nationalist Republican Alliance has faced down a group of 11 purported Communists
— in a soccer match staged by the
party as a metaphor for El Salvador's election campaign. The right-

had been trucked and bused to the capital from all over the country for the event, which was the largest Members of the rightist political rally to be held during the campaign.

The candidate of the Christian

Nameleon Duarte. porters at the Flor Blanca Stadium Democrats, José Napoleón Duarte, here as the campaign for president entered its final week.

meanwhile, gathered a crowd of 2,000 supporters at a rally in Santa Tecla, a few miles west of the capi-The young rightists won, 8-2, in some cases despite and in some tal. Mr. d'Aubuisson was born cases because of interference by referees dressed to represent Al-Mr. Duarte spoke of Mr. d'Au-buisson and his supporters as varo Alfredo Magaña, the country's provisional president, and "Nazi fascists" who "don't have Thomas R. Pickering, the U.S. am-bassador. The fix was in from the the guts to take the steps to control the abuses of authority."

The party's presidential candi-date, Roberto d'Aubuisson, sat in how he is going to confront the violence," he said. "The only thing the bleachers with a broad, satisthat he has talked about is private initiative — that he is going to fied smile on his face as the team representing his party took on other party supporters representing the "Comunista Futbol Club," which was dressed in the green colors of the Christian Democratic

The team later stripped off its green shirts to reveal red ones undemeath, the image that Mr. d'Aubuisson has tried to promote as the

one of Mr. Duarte's largest, but it was among his most enthusiastic. Christian Democrats' true colors. Shouts of "President! President!" In the end, the figure representand "Justice! Justice!" occasionally interrupted his 20-minute talk. unusually light, and he was mobbed by the crowd as he fin-

This has not yet happened to any great extent in real life. While the made his way from the podium to cisco José Guerrero, spent his day

in the northwestern city of Santa Ana, El Salvador's second largest About 2,000 people gathered in the central park to hear Mr. Guerrero's Mr. d'Aubuisson has been acusual message of "peace through conciliation.

The candidate accused Mr. d'Aubuisson of filling up the Flor Blanca Stadium with poor farmers who had been trucked in against their will, and he took a swipe at Sunday's action, compared with Mr. Duarte, intimating that he would make a pact with the leftists fighting in the hills.

The National Conciliation Party of Mr. Guerrero is saddled with a reputation for corruption that it developed during the 50 years that



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# Cuban Consumers Enjoy Better Times

'Parallel Market' Makes Up — at a Price — for What State Cannot Supply

By Edward Cody

Washington Past Service HAVANA — Engenio Balari is Cuba's king of consumption, assigned to make sure the island's highly planned Communist economy provides people with the food nd goods they need. Uppermost in his mind right now is Opina, a new line of clothes his Institute of Internal Demand is trying to launch on what passes here for a fashion mar-

The sight of Mr. Balari chuckling over a designer's sketches for a stylsh dress and modish jeans, both ish dress and industs jeans, both with lines more Lain than Marxist, seems to sum up a feeling of relative well-being in the Cuban economic atmosphere these days. Havana traffic is still light for lack of cars and gasoline, and Cuban supermarkers still look more like feed permarkets still look more like feed stores than Safeways. But modest signs of better times, from smiling waiters to chic women, seem to pop up repeatedly before a visitor moving about the capital.

Mr. Balari can offer numbers to bolster these impressions. Cuban consumers, who chose from among 280 products on the market in 1970, he says, now choose from among 1,300. Part of the explanation, he adds, is an expanding "parallel market," where Cubans who The candidate tried to reassure "Patriotism, yes! Communism, no!" were heard again and again as Mr. d'Aubuisson ended his brief can afford to buy food and con-sumer goods beyond the rations they are entitled to at subsidized

out 95 cents a liter to get some extra lari calculates that Cubans devote sun and humidity. 70 centavos of every peso they spend to such black market pur-chases, while in 1970 they had to spend 95 centavos per peso on rationed goods.

Ironically, the apparent im-provements in everyday life are taking place in the middle of a foreign exchange shortage brought on by low sugar prices, poor crops and the refinancing of a \$3.5-billion debt to Western gov-ernments and banks. Cuba earns 75 percent of its foreign exchange from sugar exports.

Deputy Foreign Trade Minister Amadeo Blanco says the hard-cur-rency pinch means President Fidel Castro's government is unable to buy all it needs from Western companies, which demand payment in convertible currencies such as dol-lars or West German Deutsche marks. Although Cuba's trade with soft-currency socialist countries is 82 percent of the total and climbing restraints on trade with the West mean many desired products are not getting into Cuba.

Mr. Blanco explained, however, that Communist Party directives have made it clear that import cut-

Housewives in an East Havana duction goods — spare parts or church front is illuminated at night market can buy a liter of milk for new machinery, for example — to show off a restored facade. One the equivalent of 30 cents on their rather than consumer goods, such of the Spanish townhouses there is ration cards, for example, or put as chemicals for Cuban factories that manufacture paint to refurbish after their quota runs out. Mr. Ba- buildings suffering from Caribbean

> "In 1983, the offering of all types of products was increased." Mr. Blanco said in an interview. "The population suffered no effect."

The refurbishing is going on in various places. In Old Havana, the Cuban government in cooperation century buildings and streets, con- are resorting to them for some time structing what amounts to a walk- alone, a Cuban official said. A re-

Ramón Fernández Alvarez invites

Museum of Education.

Another refurbishing project is harder to get a tour for. This one is for pasadas, little rendezvous spots that resemble motels. Cuban couples, faced with a housing shortage that often obliges them to live with in-laws, go to posadas for privacy they cannot find at home.

Traditionally, posadas have been with the United Nations Educa-tional. Scientific and Cultural Or-ing around. But the housing shortganization, is restoring a neighbor-age means engaged couples and bood of 16th, 17th and 18th even married couples increasingly bout museum.

Cent government report said more
When Education Minister Jose than 50 have started up in the Haguests for dinner at the Patio res- \$12 million in 1983. As a result, the taurant near his office, for exam-ple, they enter and leave through an elegant Cathedral Square whose new furniture.

# Security Increased at White House

WASHINGTON — Authorities clamped new security measures on the White House Monday, with visitors subjected to metal detectors that detectors that detectors the text metal. and searches of their belongings as the Secret Service tightened the protective shield around President Ronald Reagan.

ried items searched for weapons Visitors also were required to walk

Officials said the new security steps were unrelated to an incident Thursday in which a man with a sawed-off shotgun was wounded People entering through either of by a Secret Service guard outside two designated points had brief-the fence ringing the White House. by a Secret Service guard outside



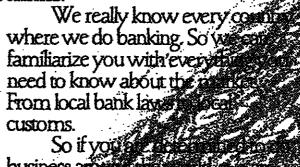


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# Despite Changes, White House Staff Is Still Not Running Well, Aides Say

By Lou Cannon and David Hoffman

WASHINGTON — The recently streamlined White House staff, which was supposed to have be-come a smooth-running machine to help assure President Ronald Reagan's re-election, is still not func-tioning efficiently, according to ad-

"We have serious problems in communications, speechwriting, scheduling and in dealing with . . . [Capitol] Hill," said one official familiar with staff operations. "And we could wind up paying in No-vember for the mistakes we're mak-

ing now."

The mistakes listed by this official and others, who insisted on anonymity, include scheduling that has failed to make Mr. Reagan more visible while attention is focused on the Democrats, speechwriting that has narrowed his appeal, a breakdown in communication with Republican senators on military aid in Central America, and what one strategist called "a comedy of errors" leaving the Reagan reelection campaign without an advertising director.

In recent weeks, various proposals have been made for Mr. Reagan to broaden his election-year appeal beyond his core conservative con-stituency. They included a speech to a Democratic audience in Florida, an appearance before workingclass voters in Ohio and a speech to in Georgia. But all these proposals were rejected by the White House staff system without reaching Mr.

Reagan.
"We operate under a consensus system where it's easy for one person to veto any proposal and hard to get anything approved," com-plained one White House official. "It's all handled below the level of

The operations of the White House staff have assumed special significance under Mr. Reagan because he delegates so much deci-sion-making. After three years of

feuds and rival power centers, Mr. vided Mr. Gergen's responsibilities Reagan's staff was supposed to when he left the White House two have become a harmonious team. But the national security adviser,

William P. Clark, left to head the presidential counselor, Edwin Messe 3d, was nominated to be attorney general. Mr. Messe's confirmation has been delayed by questions about his financial dealings that are also the subject of a lustice Department investions. Justice Department investigation.
With the departure of these two
figures, the White House chief of
staff, James A. Baker 3d, was wide-

ly expected to consolidate his control and provide quicker responses to problems. But administration officials, most of them loyal to Mr. Baker, said the staff suffered when Kenneth M. Duberstein, the legislative liaison. Aram Bakshian Jr., a speechwriter, and David R. Gergen, the communications director.

side government.
Others question Robert C. McFarlane's effectiveness as national security adviser in place of Mr. Clark. They contend that Mr. McFarlane, while collegial, is too mild-mannered and has failed to resolve conflicts between Secretary of State George P. Shultz and Secretary of Defense Caspar W. Wein-

berger.
The gap in White House-Senate relations showed up when influential Republican members of the Senate Appropriations Committee informed in advance a major conservation organization about an administration maneuver to push military aid requests for El Salvador and the U.S.-backed rebels in Nicaragua. The White House blamed the State Department, indirectly calling attention to the diminished role of the national security adviser.

Administration officials also have questioned the performance of two other Reagan aides whose importance has increased in the new staff lineup: Richard G. Darman, a presidential assistant, and the deputy chief of staff, Michael

Mr. Darman and Mr. Deaver di- president.

months ago. Mr. Deaver took over the communications functions and Mr. Darman became responsible Department of the Interior and the for overseeing the speechwriting operation.

"The speechwriters have been writing about fetal pain and Darman's been busy selling his soul to the right-wingers," said a well-placed administration official who is critical of the strongly ideological tone of Mr. Reagan's recent

"I'm less interested in ideological categories than I am in results," responded Mr. Darman, a target of conservatives who consider him more liberal than Mr. Reagan.

Mr. Darman often gets results. He has been influential in develop-ing budget and tax strategies and in the bipartisan compromise to solve left the White House for jobs out- the immediate financial problems of the Social Security system. However, some colleagues have said his abrasiveness and ego interfere with

Mr. Darman is more highly respected by his administration coleagues than Mr. Deaver, who has worked for Mr. Reagan for most of the last 17 years and is highly valued by him.

One colleague who professes to think highly of Mr. Deaver said that he is "the most creative person at coming up with gimmicks" and good at "picking the camera an-gles" for Mr. Reagan's appear-

Mr. Deaver's colleagues said he avoids "backgrounding," the prac-tice of privately explaining administration policy to reporters, be-cause he has failed to master substantive issues despite his membership on the National Security Council and his freedom to attend White House meetings of his liberal on civil rights.

But Mr. Deaver continues to be the one official in the White House whom others consult if they want to take their case directly to the

When a few key signals add up to an old friend, you've got Brand Character.™



A MOVING CEREMONY — Bruce Leone, left, and Sharon Johnston-Bonora got their marriage off to a running start by repeating their vows while jogging across a Seattle bridge. The Rev. Cliff McGrath, right, performed the ceremony while running backwards.

# Hart and Mondale Records Compared by Opposing Units

WASHINGTON — The liberal Americans for Democratic Action and the conservative Americans for Constitutional Action say Gary Hart is more conservative than Walter F. Mondale on economic. social and military issues but more

A comparison of the two congressional voting records for the

sues. ADA, a liberal lobbying group that has endorsed Mr. Mondale, gave its candidate a 92-percent lifetime rating. Senator Hart got 79 percent.

The conservative group gave Senator Hart a higher lifetime rating than Mr. Mondale, with Mr. Hart getting 15 percent and Mr. Mondale 3 percent.

The groups monitored Mr. Montwo leading contenders for the dale's votes during his tenure as Democratic presidential nomina- senator from Minnesota from 1965 tion shows Mr. Mondale scoring to 1976. Senator Hart, of Colorado, higher than Senator Hart among has served in the Senate since 1975.

# Hart's Congressional Record Shows Defense, Energy Are His Top Issues

New York Times Service

WASHINGTON - A review of Senator Gary Hart's congressional record since he became a Colorado senator in 1975 shows that he has consistently been more concerned about national defense and energy than any other issues: that he was speaking out against "big govern-ment." warning about the size of the deficit and trying to cut federal spending and taxes before President Ronald Reagan took office. and that his interest in social wel-fare has been limited mainly to child nutrition programs, of which

he has been a staunch defender, Mr. Hart has voted like most Democrats on most issues. But he has tried to place himself outside "the linear, left-right spectrum" of American politics. He says he is trving to "create third options between the left and right - in defense, in the environment, in the economy," and his record indicates this effort began well before he became a presidential candidate.

in May 1982, he was one of only two Democrats to vote against a \$5.1-billion subsidy program that would have provided mortgages at below-market interest rates for buyers of new homes, Mr. Hart denounced the proposal, saving it would increase the deficit significantly, set an unfortunate precedent for federal bailouts of economically depressed industries and serve as no more than a Band-Aid for much more serious economic

Mr. Hart has regularly support-ed proposals to expand protection of civil rights and civil liberties, but he has not taken a prominent role in debates on these issues. However, he was one of only four senators vote against the Intelligence Identities Protection Act, a 1982 law that made it a crime to disclose the names of covert intelligence agents and sources.

He endorsed the purpose of the bill but said it did not adequately protect First Amendment rights of ee speech and free press.

Following are other highlights of he Colorado senator's record:

 Reagan Economic Program
 Mr. Hart voiced an early concern about the federal deficit. He offered a comprehensive proposal to cut taxes and spending in 1978. He wanted to reduce personal income tax rates by an average of 20 percent over four years. But, in contrast to the 23-percent across-theboard tax cut adopted in 1981 at Mr. Reagan's request, Mr. Hart wanted to give proportionally bigger tax cuts to people with low

Mr. Hart also wanted to make the tax cuts contingent on cutbacks in federal spending

Like most other Democratic senators. Mr. Hart helped clear the way for passage of Mr. Reagan's economic program by voting to instruct Senate committees to cut \$37 billion from the federal budget in April 1981. But he supported the later he voted against the first bud-

tax cut because, he said, it was "severely biased toward the wealthy" and was not matched by equivalent cuts in spending.

 Tax Policy Mr. Hart was an early, outspo-

ken advocate of linking tax brackets to inflation. At present, taxpayers whose wages rise with inflation are pushed into higher and higher tax brackets. Congress approved the linkage in 1981, and it is scheduled to take effect in 1985. Mr. Hart introduced bills to require such linkage of tax brackets in 1978

Senate Democrats voted against linking tax rates to inflation by more than 2-to-1.

al proposals to give Congress greater control over tax deductions, exemptions, credits and other preferences. He says that Congress should eliminate the tax deduction for interest paid on money borrowed to finance corporate mergers and acquisitions. Such "corporate takeover games," he says, generally do nothing to enhance productivi-

Mr. Hart was elected to Congress in 1974, just after the crisis caused by the Arab oil embargo and the quadrupling of oil prices. While the crisis has faded from the memory of many politicians, it still shapes Mr. Hart's outlook on foreign affairs, military strategy and

many domestic issues.

In his first two years in the Senate. Mr. Hart sponsored legislation to break up hig oil companies. His bill would have removed government-imposed price controls on crude oil, but he wanted to be sure that big companies would not replace the government in determin-ing prices. So his bill would have prohibited the biggest oil producers from holding any interest in facili-ties used to refine, transport or market oil. He also supported proposals to prohibit the acquisition of coal and uranium interests by maior oil and gas companies.

Mr. Hart has frequently railed against big government and big

Military safeguards to prevent discrir When Mr. Hart arrived in the tion against minority groups.

Since 1976, he has offered sever- Senate, he was known as the man. ager of George McGovern's 1973 presidential campaign, which had promised an immediate, total withdrawal of American troops from Vietnam. But as a senator, Mr. Hart did not join the small group of lawmakers who routinely criticized the Pentagon and voted to cut the military budget. Rather, he has been a leader of the Military Reform Caucus, a bipartisan group of lawmakers who want to change the fighting philosophy and tactics of the armed forces. He favors a strategy of rapid movement to disrupt the organization of enemy forces.

He has opposed the B-1 homber, the F-18 fighter plane, the M-1 tank, and chemical weapons, and he led a filibuster last summer in an unsuccessful attempt to block the MX, a mobile intercontinental missile that is to be armed with nuclear warheads.

Other Domestic Issues

In an effort to stave off cuts in the school lunch program. Mr. Hart has proposed reducing the lax deduction for business meals and entertainment to 70 percent from 100 percent of their cost. The say. ings would be designated for the school lunch program.

Mr. Hart also opposed compre-hensive immigration bills that passed the Senate in 1982 and 1983. He said the proposals, strongly supported by the Reagan administration, did not contain enough

# Jackson Makes Appeal To U.S. Arab Community

WASHINGTON - The Rev. Jesse L. Jackson, proclaiming that "no longer will Arab Americans be locked out," has urged the Arab community to begin flexing its muscle as "an organized political

The Democratic presidential candidate's remarks Sunday were enthusiastically received by the 1,400 delegates to the American-Arab Anti-Discrimination Committee's national convention. The delegates had sat through three days of meetings on problems of the American Arab community.

After his speech, former Senator James G. Abourezk of South Dakota, the convention chairman, gaveled the proceedings to a close so that he could begin taking pledges for the Jackson campaign. A convention spokesman said there was no immediate estimate on how much was raised.

Mr. Abourezk, national chairman of the American-Arab Anti-Discrimination Committee, said The Washington Post and The New York Times had "taken their best shot" at Mr. Jackson, "tried everyget resolution, which specified the thing they could - front page edi-

amounts to be cut in various areas. torials, negative news stories, tried Mr. Hart objected to the 1981 to ignore him, and nothing's worked, he's still winning." Mr. Jackson, who attracted

widespread criticism by his recent reference to Jews as "Hymies," was careful throughout his remarks U.S. Navy flier, Robert O. Good-Sunday to balance his overtures to Arab groups with a call for understanding of Jewish issues, emphasizing that blacks, Arabs and Jews would be "equal members" of his so-called Rainbow Coalition. Just as security is vital to the

interests of Israel, Mr. Jackson told stand "the pain and suffering of the formula for its gover Jewish people as well." Mr. Jack-

son was buoyed by his showing in Saturday's round of state caucuses. declaring that "our faith has been renewed," and adding "this is not a two-man race."

Mr. Jackson received more votes than Walter F. Mondale and Senator Gary Hart in South Carolina's caucuses Saturday and ran a close second in Mississippi.

In Sunday's speech, Mr. Jackson again urged that the United States hold direct talks with the Palestine Liberation Organization, which is not now permitted by U.S. policy.

"Surely, the Jewish community must be challenged to know the pain of the Palestinians. ... But just as Jews must be helped to know the sufferings of Palestinians we must challenge the Palestinians to know and understand the fears and the history and suffering of the Jewish people as well," he said. Mr. Jackson cautioned agains

'setting up another military state' on the West Bank or Gaza Strip with the creation of a Palestinian state. "A statehood must not be" seen as the same as another military garrison," he said.

"We must talk as a nation to both the Israeli government and to the PLO," he said. "We must bring them together for peace.

Mr. Jackson talked with the PLO leader. Yasser Arafat in a widely publicized meeting five years ago and won the release of a car man Jr., in January after meeting with President Hafez al-Assad of

Mr. Jackson said: "There is no military solution to Lebanon's civil war. . . . Lebanon has no need for U.S. weapons, U.S. Marines or one-ton shells from the New Jerthe delegates, "so is statehood and sey's 16-inch guns." He said Lebe-security for Palestinians." But Pal- non "needs national reconciliaestinians, he added, must under-tion" and a "new power-sharing" (LAT, WP)

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BUSINESS

were an insult to democrats.

BONN - An opposition Social Democrat leader called on the West German authorities Monday Journalists Are Cleared to ban all former Nazi veterans'

A military prosecutor Monday cleared two journalists, Nazli Ilicak and Aydogdu Ilter, of charges that organizations if they continue to hold reunions. in the Bundestag, said the meeting, of veterans of Wallen SS and other

they praised banned political par-Alfred Emmerlich, deputy chair-man of the Social Democrat caucus the daily Tercuman on Feb. 16. The Associated Press reported from matched expectations. crack World War II Nazi units

Mr. Ilter, the editor of Tercuman, and Mrs. Ilicak, the paper's-"They are regularly used for the chief editorial writer, were accused plorification of militarism, the war two weeks ago of trying to "revive and a false military tradition as an atmosphere that may lead to well as to minimize and whitewash political squabbles and lead to nathe participation of the SS in war tional chaos" through an article grimes," Mr. Emmerlich said. written by Mrs. Ilicak.



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# Record Show For Indian Women, Rite of Spring Turns Vicious The Top I... For Indian Women, Rite of Spring Turns Vicious For Indian women, new of Formal Harassment Their main targets are universities where there Eve-teasers pinch, fondle and women, make obscene remarks at the same wears they women, make obscene remarks at the same wears they women, make obscene remarks at the same wears they women, make obscene remarks at the same wears they women, make obscene remarks at the same wears they women, make obscene remarks at the same wears they women.

NEW DELHI — The sunny green campus of Delhi University looked much like an occupied zone under curfew. Soldiers piled out of trucks and stationed themselves in fives and sixes around the grounds, riot sticks at the ready. Few students were about Some student hostels looked deserted

Insurrection? Student riots? No, Eve-teasing. The innocent-sounding term is applied to a widespread and often vicious form of public harassment of women by young men, including — but not limited to — pinching and fondling. Not infrequently, it turns violent.

The practice, indulged in with seeming impunity both by kone men and by gangs, has made riding on buses a dreadful ordeal for many women. Those who study such things say it is just one expression of a broad pattern of oppres-

The reason for the security forces at Delhi University is that Saturday was Holi, a basically joyous Hindu festival, a rite of spring that occasions bonfires and banquets. Men and women throw colored water and colored powder all over each other, much as Lord Krishna and his female followers were supposed to have done in

turned Holi into a perverse festival of their own.

Archbishop John J. O'Connor held up a baseball cap

Sunday and explained that George Steinbrenner, owner

of the New York Yankees, "was kind enough to send me a Yankees hat to go with my archbishop's miter."

Compiled by Our Staff From Dispatches

of New York in a formal investiture Monday at St. Patrick's Cathe-

dral and said his first public Mass as spiritual leader of New York's

About 100 cardinals and bishops, leaders of other religious denomi-

At a succession ceremony on Sunday, about 3,600 nuns, priests, deacons and members of the archdiocesan staff filled St. Patrick's to

watch the former bishop of Scranton, Pennsylvania, formally take over as the eighth head of the archdiocese. His predecessor, Cardinal

**Martial Law in Turkey** 

**Eased Before Elections** 

tions by the military.

The Motherland Party easily

victory because participation was

Milliyet ranked the Motherland

Party in first place for the local elections with 34.5 percent, an in-

crease of just over half a percentage

point from its rating in a similar

from last year's elections because

of their links with parties that have been abolished since the coup.

if the Social Democrats and

True Path make inroads into the

support of the parliamentary par-

ties in the local elections, in which

thousands of officials from city mayors to village chiefs are to be elected, political analysts say pres-

sure will build for early general

NEW YORK --- John J. O'Connor was installed as the archbishop

Archbishop O'Connor Becomes

8th Leader of Catholics in N.Y.

nations and political leaders attended the service.

1.8 million Roman Catholics.

Terence J. Cooke, died in October.

relaxed in parts of Turkey on Mon-

day, less than a week before impor-

tant local elections, for the first

time since the September 1980 mili-

It was lifted completely in the

western provinces of Kirklareli, Bi-

lecik and Kutahya, the southern

province of Burdur and the eastern province of Mus. In eight other provinces it was replaced by a state

of emergency transferring martial

law powers to the civilian provin-

Parliament voted earlier this

month to extend martial law in the

outthe country when the military

The relaxation came before local elections Sunday in which Prime

dinister Turgut Ozal's conserva-

Bonn Ban Urged

On Ex-Nazi Units

United Press International

cial governors.

are lots of young women, and in some years they women, make obscene remarks and gestures, have terrorized entire campuses, stripping and pull the plaited braid that many young young women in public, beating them, humiliat- Indian women wear their hair in.

Eve-teasing "is a problem all the time, but enough in the West at a Mardi Gras festival, for Holi is the height of the problem," Rachna example, cause great humiliation to women in Kumar, a second-year political science student India. at the university, said.

effect. "It was much more active last year," said Miss Kumar's friend Raj Shree Bala. "This year it's pretty quiet."

rassment of women not long ago,
"Men believe they can do anything related to

women and get away with it," said a social tended to withdraw when she challenged them welfare worker. "It's always going to be that directly with, "What's your problem, buster?" way unless you change attitudes. Attitudes toward women in India historically

place them in a subordinate position. In addition, sociologists say, sexuality is so repressed in many sections of Indian society that reactions Renters reported from New Delhi. such as Eve-teasing are almost guaranteed to Four persons were killed in rioting in Calcut-

The rush of Indians from farms and villages to the cities, and the loosening of restraint that and landless harijans, or untouchables, in Bihar

Their main targets are universities where there 

Eve-teasers pinch, fondle and rub against

Some of the actions that would seem innocent

Public kissing, for example, is taboo. When 17 The presence of force seems to have had an Eve-leasers in a row kissed a girl on a bus in one incident, it was an extremely serious matter.

Western women sometimes run a greater risk But Eve-teasing in general shows no signs of becoming a target because Western society's reputation for greater sexual permissiveness apheadline on a newspaper article about the half women from the West are loose. all women from the West are loose.

One American woman found that Eve-teasers

■ 15 Reported Dead At least 15 persons were reported Monday to have died in violence during the Holi weekend,

ta between Hindus and Moslems Sunday and eight died Friday in clashes between landowners urban anonymity encourages, is also cited as state. Three persons died in Maharashtra state

But in recent years, gangs of Eve-teasers have part of the explanation for a rise in Eve-teasing during a clash after someone cut down a farm
errand Holi into a perverse festival of their own. in recent years.

# Journalist's Expulsion Seen as Anti-Deng Move

By Michael Weisskopf

Washington Post Service BELJING - Foreign diplomats here believe the recent expulsion from China of the correspondent for a West German news magazine may be part of a larger scheme by conservative security police to discredit Deng Xiaoping's opening to

Tiziano Terzani, Beijing corre-spondent for Der Spiegel, was stripped of his press credentials March 3 for allegedly smuggling antiques and defacing a portrait of

Western diplomats said the charges were a pretext for expelling Mr. Terzani after internal-security police failed to uncover evidence of espionage despite 19 hours of tough interrogation, a search of his apartment and office and threats of

The case reportedly was orchestrated by the Ministry of State Security, which was set up in June to investigate espionage. The orga-nization, modeled after the Soviet Union's KGB secret police, is said to contain China's most conservative political forces, xenophobic and authoritarian figures who oppose Western influences and many of the domestic reforms of Mr. Deng, the paramount Chinese lead-

Some Western analysts expect American journalists to be targeted for investigation in the weeks leading up to President Ronald Reamonth.

Several American reporters based in Beijing recently have received mysterious telephone calls from Chinese asking for a meeting. In person, the callers have offered tive Motherland Party is facing a Reasers

ANKARA — Martial law was strong challenge from parties possession of which by a foreigner laxed in parts of Turkey on Mon-

> In some cases young Chinese beat two other parties allowed to women have called male journalists contest the general elections. The and suggested meetings at Western opposition charged it was a false hotels here.

> A Westerner with ties to the ruling Communist Party has been The latest opinion poll published asked to inform on foreign corre-Monday in the independent daily spondents based in Beijing, accordspondents based in Beijing, according to a reliable Western source. Western analysts said journalists

have become the main targets of security forces because they lack diplomatic protection.

"A few people in the security

imposed in several provinces in down slightly from its standing last lence and was extended throughcountry when the military in a several province in the security field are trying to use these cases to prove that the West is out to undermine the military was the rightist system," a Western environment of the security field are trying to use these cases to prove that the West is out to undermine the military was the rightist system, "a Western environment of the security field are trying to use these cases to prove that the West is out to undermine the military was the Party up a second was the social Demointo the security field are trying to use these cases to prove that the West is out to undermine the military was the rightist system, "a Western environment of the security field are trying to use these cases to prove that the West is out to undermine the military was the rightist system," a Western environment of the security field are trying to use these cases to prove that the West is out to undermine the military was the rightist system." a Western environment of the security field are trying to use these cases to prove that the West is out to undermine the military was the rightist system." a Western environment of the security field are trying to use these cases to prove that the West is out to undermine the military was the rightist system. True Path Party, up a point to 11.4 percent. Both parties were barred The security ministry is believed

to have a free hand in choosing its

### **Brazil Considers Buying Exocets for Patrol Boats**

BRASTLIA --- Brazil is considering buying French Exocet missiles for coastal patrol boats now under construction, a Navy Ministry spokesman said Monday. Brazil already deploys Exocets aboard six

Over the weekend a newspaper report quoted the navy minister, Admiral Maximiano Eduardo da Silva Fonseca, as saying that tests carried out with the Exocets had

targets of investigation. Although the Foreign Ministry accredits foreign correspondents and is responsible for them, it only learned of Mr. Terzani's case when the West German and Italian governments intervened, sources said. Mr. Ter-zani is an Italian national The anti-espionage officers, who

worked for the Public Security Burean before the new ministry was formed, are known to operate undercover with the help of informers and phone taps. According to Chinese sources, they regard all foreign journalists as spies, and normal newsgathering as an effort to uncover state secrets.

Mr. Terzani, 46, was one of the scores of Western journalists who have been permitted to work in China since Mr. Deng inaugurated the open-door policy in 1979. A correspondent who has written critically of the communist system, he often donned Chinese clothes and rode a bicycle at night to meet disaffected Chinese intellectuals. He speaks Chinese.

As Der Spiegel's correspondent in Beijing for four years, Mr. Terzani was respected by many of his colleagues for his reporting on the closed Chinese society. His work habits and critical reporting in the weekly magazine are believed to have aroused suspicion among se-

Mr. Terzani quietly lest of the Chinese capital March 5, nearly a month after police confiscated his passport and detained him for interrogation.

Chinese officials said last week that the journalist had been found in possession of 57 cultural relics including 23 that are prohibited from being taken out of China

Foreign Ministry officials were unable to explain why Mr. Terzani had been charged with smuggling items that were never taken from his Beijing apartment,

# Giant Pandas Mate at Zoo in Washington

United Press International WASHINGTON - Ling-

Ling the giant pands mated on Monday with her partner Hsing-Hsing for the second time in their 12 years together at Washington's zoo, just months after recovering from a kidney infection.

We feel fortunate that she made such a good recovery and that she seems to be entirely healthy again," said Dr. Robert Hoage, a zoo spokesman. "It was a natural phenomena and we are letting nature take its

In December, doctors found Ling-Ling suffering from ane-mia and a severe kidney ailment that was potentially fatal. She was treated with antibiotics and recovered. Zoo officials tried for years to get the pandas to mate after their arrival from China in 1972. They finally consummated their affair last year and Ling-Ling became pregnant, but her cub died three hours after birth last July.

# In Bahrain

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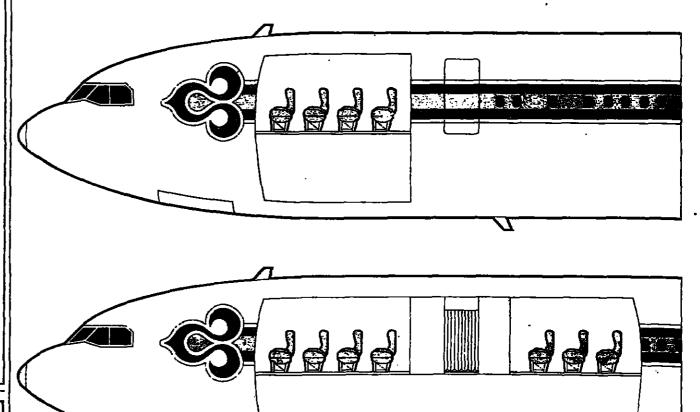


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and champagnes. Free use of electronic headsets. Express check-in. Airport lounge facilities.

are too embarrassed to talk about. And all for just the full Economy fare.

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In fact, Royal Executive Class has proven to be so popular we've had to enlarge it.

So now instead of 24 seats, Royal Executive

Class features 42 seats. And everyone of them goes back further A standard of in-flight service that other airlines than any other business class seat in the world. That



# The 'Linkage' Problem

There is a storm in Congress over linkage.

Speaker Thomas O'Neill thunders that Mr. Reagan is "unfit to be president" because the administration linked military aid for Central America to food relief for Africa, Secretary of State George Shultz sputters that human rights purists on Capitol Hill have linked aid for El Salvador to impossible conditions, thus effec-tively abandoning an ally. But this is a skir-

mish, not a showdown.

Congress by its votes has shown no willingness to cut off aid to El Salvador or to CIAbacked rebels in Nicaragua. It is not about to risk appearing to coddle Marxist-Leninists in an election year. And the administration, meanwhile, is stuck with a flawed, unworkable policy. It all spells deadlock.

Here is the strongest case Mr. Reagan puts for pouring still more money and weaponry into El Salvador: The challenge from the guerrillas has been contained, death squad murders have declined, a presidential election is in the works. And the Salvadoran army is desperately short of arms when it needs them most — to protect the election coming up on March 25 against leftist violence.

Yes, but. In the last three years, the United States has been sending steadily more aid to El Salvador, but the territory controlled by insurgents has increased. The death squads are less active, but their sponsors are still in place — and the killing of civilian noncombatants continues at the grisly rate of 100 a week.

Even if Congress voted emergency military aid, the help would not be available before the election. No doubt some leftists will defy an

opposition pledge not to disrupt the election. But the real political threat comes from the rightist candidacy of Roberto d'Aubuisson, who considers Christian Democrats to be crypto-communists. A victory for him would be worse than an embarrassment; it would pose the choice of abandoning democracy or

abandoning El Salvador to the guerrillas.
To avoid that nightmare choice, Mr. Reagan
is plainly prepared to use all the leverage that aid can provide. Hence the dubious linkage of African famine to Central American guns, and hence Mr. Shultz's alarums. But Democrats, too, are playing a game. They are no more ready than the president is to end aid to El Salvador so they insist instead on their own conditions, involving human rights.

In this narrow space, there is room for productive compromise. U.S. pressure can produce change. It took three years for Mr. Reagan to send a blunt warning to the Salvadoran armed forces to end death squad killings. Someone, somewhere then gave orders to heed the warning.

So why not condition further aid on the way

El Salvador treats its own people? One sound proposal before the House would condition existing levels of help on presidential certification of human rights progress. Any more aid would require more: proving the elimination of death squads. This would provide real in-centive for achieving what Mr. Reagan insists is the goal of American policy. A deal on these lines would begin to build national support for what is now a partisan policy.

- THE NEW YORK TIMES.

# **Pray for Tolerance**

In forcing a Senate vote on his prayer amendment. President Reagan rejects the prayers of many senators for deliverance from a cruel choice. To vote for the amendment is to desecrate the religious neutrality that is a cornerstone of American liberty. To vote against v it is to appear an enemy of God.

 Senators have been denied the customary evasions that buffer them against voter wrath
 on other issues. Senator Orrin Hatch of Utah,
 deferring to the president, voted to kill his own n amendment for silent prayer, which many senators have considered as a compromise of sorts. Senator Alfonse D'Amato of New York, If hoping to appease his diverse constituency, cannot get a vote on his proposal to require that the proposed classroom prayers be "nondenominational."

If some voters consider school prayer a motherhood issue, then some senators will have to be politically brave when their names are called on Tuesday afternoon. They may find some comfort in what the Senate itself is learning through the extended discussion courageously forced by Senator Lowell Weicker of Connecticut: This supposedly popular amendment loses appeal with exposure. Consensus starts to unravel as soon as anyone asks whose

prayer will be recited. And what about the children and their parents who want their own prayer, or none?

President Reagan's answers are not reassuring. He stipulates that officials may not "compose the words of any prayer to be said in public schools." But that would not forbid teachers from choosing among prayers, or from holding a classroom "election" on a matter of deep personal conviction. Excusing those children with the courage to dissent won't spare them from feeling the opprobrium

of peers or teachers.

The Supreme Court, the target of so much abuse from Mr. Reagan and the religious right wing, made a great contribution to religious peace with its interpretation of the First Amendment iwo decades ago: Government must not favor religion, disfavor religion, or

favor one religion over another.

Such neutrality will never satisfy those who feel that religion, important to our private lives, also needs a place in public life. But no one has yet devised a way to give it that place without offending some religious - or nonreligious — citizens. The court saw how vital this tolerance was for most Americans. So let it be.

— THE NEW YORK TIMES.

# Other Opinion

# **Poles at Cross Purposes**

Poland is not the only country where the separation of church and state is bitterly debated, nor is it the only country where the status of religion in schools remains unsettled. But only in Poland has a government minister felt compelled to deny that riot police were of students at the removal of crucifixes from their college.

Marx, of course, called religion the "opium of the people" but perhaps even [the Soviet leader] Mr. Chernenko has forgotten that Marx also said: "Religion is the sign of an oppressed creature, the heart of a heartless world, just as it is the spirit of a spiritless

- The Times (London).

# Iran's Demand May Be Right

Iran has earned considerable international opprobrium by sending children to fight an apparently aimless war. But Iraq's record is no less dismal.

It is, therefore, surprising that the Arab League foreign ministers should have chosen to maintain silence on widespread allegations of Iraqi use of chemical weapons.

The UN secretary-general, Mr. Pérez de Cuellar, is to be commended for sending an investigating team to inquire into Iranian charges in this connection: Iraq's reported opposition to the move may have already lent some credibility to the complaints.

While the specter of more fundamentalist ayatollahs in West Asia cannot be a reassuring one, one cannot overlook Iraq's initial responsibility for the war and Iran's demand for

1909: Reviews on Teddy Roosevelt

compensation as a condition for ending it may

not be entirely unjustified.

- The Statesman (New Delhi).

# Britain in Defense of the EC

The British government, far from jeopardizing the EEC, is in the vanguard of the moveit. It really is rather silly to accuse the government of referring to our fellow members in terms more appropriate to enemies: It is in-deed probably only to friends that one can speak in such a way.

Yet tone still matters. There will be a lot of sparring in Brussels but, so long as Mrs. Thatcher speaks of Europe's future as well as Britain's, it need not turn nasty.

- The Daily Telegraph (London).

# Mrs. Gandhi Meets the Sikhs

Prime Minister Indira Gandhi announced she will travel to Punjab to meet with Sikh leaders. What they will talk about is the 18month Sikh campaign for religious and politi-cal concessions — or what amount to autono-my for one of India's richest farming states. India's tenuous unity has been threatened before by large-scale outbreaks of violence over religions, language and regionalism. But trouble between Sikhs and Hindus is a new -

and very volatile — development.

Since Punjab lies on the sensitive border with Pakistan, the government has been hint-ing that Islamabad is fanning the flames of sectarian strife. Mrs. Gandhi over the last six months has bluntly accused Pakistan of making "preparations for war."

— The Jakarta Post.

### OH LOPD, IF I PLEASE, GOD PASS THIS EXAM. MAKE MARCI DEAR GOD I'LL DO ALL LIKE ME AS DON'T LET HIM IN HEAVEN. MUCH AS I MY HOMEWORK MAKE THESE CALL ON LIKE HEP! PIMPLES 60 ME, LORD ... YAWA OH LOPD. WON'T YOU PLEASE, GOD BUY ME A MAKE THIS HOUR LET IT BE MERCEDES "60 BY PEAL THREE O'CLOCK I BENZ. PUBLIC SCHOOL a stall the MUNDAN PHOPPER.

# U.S. Should Look to Europe in the Prayer Debate

WASHINGTON — Might an immigrant from Britain, a country with an established church, mandatory school prayer and all the trimmings, be permitted a reflection on the con-troversy over school prayer in the United States? Before it was closed amid bloodshed in 1972.

the Stormont parliament of Northern Ireland had, chiseled on its facade, the slogan "A Protestant Parliament for a Protestant People." It was that slogan, and the mentality it exemplified, that led Ulster to its present hideous impasse. Yet the slogan was not merely rash and nasty (if you don't like Catholics, after all, Ireland is an odd place to choose for your country of residence). It was the heritage of a 20th-century identification between church and state.

Watching the debate on prayer in the public schools, I wonder if Americans realize how lucky they are not to have an established church. Where I come from, the Act of Settlement, dated 1700, forbids the heir to the throne to marry a Catholic, and states in marvelous liturgical terms that "the descent of the Crown in the present Protestant line is secured" by the said Act. It continues: "Any person who shall be reconciled to, or hold communion with the See or Church of Rome, or prefers the Popish religion or marrys a Papist, is excluded from inheriting, possessing or enjoying the Crown and in such case the people are absolved of their allegiance."

Clear? It is not just an antique either —as was demonstrated when Prince Charles was rumored to be courting a Catholic princess from Luxem-bourg. All of our archbishops and bishops are appointed by the prime minister, acting in theory on the advice of the queen, who is in theory and practice the head of the Church of England as well as the head of state. The senior 24 of these By Christopher Hitchens

bishops sit in the House of Lords, where they can

and do vote on legislation.

One piece of legislation on which they did vote was the 1944 Education Act, which stipulates that the school day shall begin with a religious assembly - which means a Protestant one. The act provides for the right to abstain from the assembly. Many are the Jewish and atheist children who discover, either in the playground or from the pious members of the staff, what that right, if exercised, can mean. This is, after all, the country that invented the WASP, or white An-

glo-Saxon Protestant. Far from succeeding in its purported purpose — to keep the British Isles free from the taint of Popery — this policy has actually entrenched sectarianism in the schools. In large parts of Scotland and Northern Ireland, as well as elsewhere in the kingdom, the Roman Catholic Church has also developed a vested interest in religious education and equally staunchly resists any suggestion of common secular schooling. In Belfast, military and police patrols are needed, at the end of a school day, to keep apart the two groups of school children who began their day with different sets of prayers.

The idea that citizenship was denominated by religion was — with the exception of Northern Ireland — perhaps tolerable while Britain remained a society that was roughly homogenous ethnically. But since World War II, Britain has become the host to large Hindu, Moslem and Sikh communities, as well as many other smaller non-Christian denominations. Most of these believers are former colonial subjects, and their

children are making it impossible, or at any rate undesirable, for many head teachers to obey the law. It is, said one headmistress in Bradford. Yorkshire, a choice between skipping the morning prayer meeting or having perhaps half the kids skipping assembly. Since her job is education and not religious instruction, she has opted

for the former.

From the window of my room when I was an undergraduate at Oxford, I was greeted every morning by the sight of the Martyr's Memorial. commemorating the burning alive of several bishops for their heresies in less-enlightened times. It is part of our long history, and we cannot disown it. But why should the United States, which is founded on ethnic phralism and which was designed as a refuge from the feuds of old Europe want now to emulate the least work-

able and least admirable parts of our tradition?

As in medieval Europe, those who wanted to impose prayer on others are demonstrating not their confidence in their own faith, but their lack of confidence in it. Thomas Paine, a great Englishman and a great American, was a devout man and not the "filthy little atheist" that Theodore Roosevelt once called him. He did see clearly, though, that the United States of America (a phrase he invented) was too diverse for religious standardization. Paine left the England of George III and William Pitt in order to escape the use of established religion as a political weapon. How dismal it is to see Americans yearning for the very orthodoxy that their country was founded to escape.

The writer, a columnist for the political journal The Nation, contributed this comment to The

# Reagan's Deficit Needs More Than a Quick Fix

ST. LOUIS, Missouri — The "first installment" of deficit reductions agreed upon by the White House and Republican Congressional leadership is a useful first step. It is also a quick fix and a poor precedent for further rounds of fiscal restraint.

The reliance on patchwork changes in the tax structure (which constitutes one-third of the package) is hardly an approach that merits further use. Take the decision to tighten up on income averaging, which was origi-nally designed to help people with fluctuating incomes who were paying disproportionately higher taxes. Income averaging was a good idea and still is. Making it less effective raises revenue but does nothing to advance

the idea of tax reform. In military spending (another third of the package), it is disheartening to note the continuing failure to tackle the most important question: controlling the procurement of new weapons systems. This is the most rapidly growing category in the mili-tary budget; current schedules imply production rates higher than those at the peak of the Vietnam War. The compromise relies instead on reducing readiness and shaving military pay increases. These are short-term expedients; worse, attempts to trim pay increases could make it more difficult to attract good people to the volunteer force.

In civilian spending, the proposed in fiscal 1985, a \$100-billion cut in adjustments to cost-of-living in1986 and a \$150-billion cut in 1987.

Creases and caps on government emthe short run. But they, too, are oneshot measures.

Alarms about uncontrolled deficit spending have become familiar. Deficits keep interest rates high. Deficits are potentially inflationary. Deficits compete with investment. Deficits reduce our industrial competitiveness by making the dollar more expensive to foreign customers.

The White House knows this and so does Congress. But the longer they wait, the worse the problem will get. The Budget and Accounting Act of 1921 gives the president responsibility for preparing the budget. But one ingredient was uniquely missing from Mr. Reagan's January budget: proposals to reduce the deficits to the levels he deems appropriate. This glaring omission effectively gave the eadership role to Congress, which is ill-equipped to handle it.

The continuing budget impasse can be broken only if the president takes charge by amending the budget in a major way to make up for his original omission. He should now prepare a further package of specific deficit-reducing actions. A reason-able target would be a \$50-billion cut spend money.

By Murray L. Weidenbaum

ployee pay raises can be justified in to enact the plan or develop its own. Unfortunately, when serious hudget cutting gets down to specifics, the discussion rapidly degenerates. De-

fense procurement is too important, entitlements too difficult to control beyond tinkering with cost-of-living adjustments and the remaining items too small to fuss with. Thus, large tax increases bubble up in Congress as the reluctant response. This would be the wrong way to go.

The 1981 tax cuts were a historic accomplishment. It would be unfortunate if they were reversed. The tax cuts must now be earned by implementing meaningful spending cuts. This means that the president and Congress must finally, courageously face up to the fundamental overrun that has occurred in the military budget in the past three years. From the target of 5-percent annual growth in real military spending that candidate Reagan presented in 1980, the Penta-gon budget has crept upward to 10 percent or more. Surely the U.S. mili-tary posture has not deteriorated in the last three years. What is more,

national security does not increase by showing Moscow how fast we can

There is a cogent, practical reason for stressing military spending re-straints. Except for the quick fix incorporated in last week's proposed first installment, virtually every package of substantial budget cuts prejected because it attempted to reduce the growth of military procurement. That makes it difficult to win support

Slowing down the hectic expansion

The writer, President Reagan's first chairman of the Council of Economic Advisers, is director of the Center for the Study of American Business, at Washington University in St. Louis. He contributed this comment to The

# Syrian-Style

By Stephen Rosenfeld

WASHINGTON — The crazy thing about the Lebanon situation is that while the efforts at reconciliation may easily fail, it is also possible that the process will succeed and that — irony of ironies — it will come out not far from the place where the United States might have brought it if it had known how.

For Syria, which the Reagan administration continues to identify as its nemesis in and about Lebanon. appears to be pursuing a course whose results may be quite consistent with U.S. aspirations for a somewhat settled-down, pluralistic and unoccupied Lebanon.

Basically, Syria has accomplished its mission, which was never to impose a domestic design but simply to assert dominance in the highly con-spicuous foreign policy field. Having compelled the Gemayel government to abrogate its U.S.-brokered pact of last May 17 with Israel, the Syrians' evident residual purpose is to remove Lebanon from the center stage,

President Hafez al-Assad's man at the Lebanese reconciliation talks at Lausanne, Switzerland, has been heard observing that Svria has a lot on its mind — its next check from the Saudis, one might guess, or the Iran-Iraq war — and cannot wait for the Lebanese to solve all of their own problems. Secretary of State George Shultz says the same.

Does anyone think that Mr. Assad member of a minority group who rules by the iron fist, wishes to estab-lish himself in Lebanon as patron of a fair model of national power sharing?
Come on. It could kill him at home. We are speaking of a man who rules not by consent but by fear.

Mr. Assad saved Lebanon's Christians in 1976. This time he has put Syria's weight behind the Shiite and Druze challenge to Amin Gemayel. But they are discovering that Syria has its own agenda at Lausann

The first item is a cease-fire. It is a positive sign that the two main external disturbers of the peace, Syna and Israel, seem to have their own reasons to let this happen. That leaves con-summation of a cease-fire to the Lebanese, who, though they value ven-geance dearly, also value life dearly. We shall see.

The second item is political reform Already it is evident that Damascus does not want the early, ambitious changes the Shiites and Druze have demanded. Lausanne is looking at the modest fixes Mr. Assad suggested in 1976 - such as changing the Christian-Moslem ratio in parlia-

ment from 6-5 to 5-5.

"Power sharing" is a fine slogan
But there is not much central, nation al power left to share. The parties have spent the last 10 years reducing the size of the national pie to the point where, geographically, it con-sists of the palace grounds at Baabda Cabinet seats may now be rearranged in a government of "national unity." But, for instance, the militias do not salute the minister of defense.

The more ambitious changes await so that there will be some power wealth, public works and jobs to spread around. The argument over federalizing or "cantonizing" Lebanon will go on for years. It is all very gradual, bourgeois and American.

Damascus is going to insist on foreign policy hegemony and Lebanon's general "Arab" orientation, something not inconsistent with commuing Lebanese links with the West The Assad regime will also hold on to Lebanon's intelligence, if only to re-main able to kill Syria's opponents in Lebanon. Its military withdrawal may not soon go beyond "regroup-ing." Pragmatically, however, Syna has authorized Beirut to negotiate in short, Washington lost some face and balance in Lebanon. Syria is calling the shots. But the shots Syria is calling do not assault U.S. interests. Notwithstanding Mr. Assad's Soviet support, the United States

could stay Lebanon. The United States could luck out. The Washington Post.

may not end up at a strategic disadvantage. With a lot of luck, Lebanon

# The Good Times Can Roll and Fall

NEW YORK - Theodore Roosevelt's retirement from the Presidency calls out varying comments on his record. The Cleveland "Plain Dealer": "The feeling has gained strength that a bull in a china shop is not necessarily a bad conjunction, and that some kinds of china ought to be smashed anyway." The Syracuse "Post-Standard": "Serious faults in our national life were waiting to be corrected when Mr. Roosevelt came into power. Doubtless the nation needed a man of furious zeal, indomita-

ble will and strenuous ideals to correct these

things. Such a man was found." The Boston

"Globe": The President has stubbed his toe

many times in his distinguished career and got

many slivers in it and not a few also in the hand which swings the big stick."

1934: The Nuts and Bolts of Dieting NEW YORK - Mabel Wolf, 476 Eastern Parkway, Brooklyn, was regarded here as a physical phenomenon and literally endowed Kings County Hospital had removed from her digestive tract 1,203 pieces of hardware. Despite the ordeal of the operation surgeons said Miss Wolf would regain her full health. The woman confessed to surgeons that in a period of one week during the past five years while employed in the hardware department of a large department store she had swallowed the huge collection made up of tacks, nails, screws. pins, beads, wire, glass and bolts. Asked why

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with "a stomach of iron" after surgeons at that with sufficient rest and an orthodox diet she had gone on such a diet, the woman replied: "I guess I did it to be funny."

N EW YORK — It is a custom of the political season that presi-dents seeking re-election take credit for good times and promise better times ahead. Ronald Reagan is no exception. What he has not reckoned

on is the business cycle, which may well create a starkly different climate sometime in the next 18 months, perhaps even before the election. Already, signs of trouble have overshadowed White House optimism. The stock markets have been falling and recently reached their lowest levels in nearly a year. The deficits give no signs of diminishing.

The attention of politicians and pundits has focused, with good rea-son, on the deficits and the monetary policies of Paul A. Volcker, chairman of the Federal Reserve Board. The national debt could well triple by the end of the decade, crowding out priend of the decade, crowding out private investment, slowing — possibly crippling — any recovery. If, on the other hand, Mr. Volcker rapidly expanded the money supply, it might set off another disastrous round of rising prices and wages. It is a Hobson's choice at best, but only part of a more foreboding story.

more foreboding story.

Market economies are characterized by the regular turn between decline and recovery. Since World War II, the United States has gone through eight such cycles, with the last year and a half representing the By Richard Parker

like waves in a gathering mid-Atlan-tic storm, the distance between the peaks of recovery and the troughs of recession has been growing larger with each decade. In the 1950s, for example, taking the peaks and the troughs of the cycle together, unemployment averaged 3 to 4 percent; by the 1960s, it was 4 to 5 percent; by the 1970s, 5 to 6 percent; in the 1980s, so far. 7 to 8 percent. Inflation has been growing steadily worse, too, along with trade balances, national deficits

and savings rates. The president would rather that the voters did not notice this and predicts that the United States will see steady growth through the end of the decade. But, despite similar hopes by previous presidents, the United States has not seen such a period in 40 years — business cycles have routinely intervened. A recent poll showed that 77 percent of the top American business

leaders expect a recession soon, ques-tioning only whether it will begin next year or the year after. Voters, battered by recession and weary of recession fears, may choose to ignore the warnings. They do so at their peril. particularly when you consider the history of the cycle's

soft on closer examination. Fourth-quarter profits last year rose a widely reported 64 percent over the fourth quarter of 1982. But fourth quarter 1982 was the trough of the last reces-sion, and if 1983 profits are adjusted to discount the distortions created by extraordinary one-time gains and losses — including AT&T's \$5.5 billion write-off at divestiture — the

gain last year was only 16 percent.

If, as seems likely, the U.S. economy dips downward next year from this fragile plateau, the effect will be painful indeed. Foreign capital, which below the control of the which helped fuel this recovery, will look elsewhere for security. The dollar, overvalued by nearly a third, will fall. As businesses defer new investment and hiring, unemployment will rise. A slowing economy will reduce federal revenues, worsening deficits. Historically, in the days before Reaganomics, the U.S. government turned to the old Keynesian tonic of

deficit spending to spark a recovery. Given today's deficit levels, it is a tonic that will be hard to swallow. It may be too much in an election year to ask politicians to look beyond the election. But given the dangers posed by the next economic downturn, voters may have to decide that there is no choice.

growing severity.

To begin with, the celebrated strength of the current recovery looks

The writer, an economic columnist for Mother Jones magazine, contributed this view to The New York Times.

for large reductions in civilian programs, and the fundamental budget masse continues

of military procurement can be only one part of an adequate deficit-reduction program. Budget restraint must extend to entitlements, farm subsidies, aid to business, the Corps of Engineers and other areas. The goals of fairness and deficit reduction will be served by extending budget cutting to the point where it achieves the old Congressional Budget Office maxim, "Good budgeting is the uniform distribution of dissatisfaction." Serious budget cutting still lies ahead. But it will require sustained presidential leadership.

New York Times.

# LETTERS TO THE EDITOR

Lebanese Reconciliation

Ghias el-Yafi's letter ("A Voice for the Lebanese Mainstream," March 5) has expressed what many Lebanese believe: In any reconciliation process the Lebanese who reject the old sectarian regime and the discredited confessional parties must have their say. Only then can reconciliation be

MYRNA BUSTANI.

Turkish Tyranny

A retired U.S. Foreign Service officer living in France, I feel compelled by conscience to speak out against the Reagan administration's calculat-ed indifference to overwhelming evidence of unwarranted arrested, imprisonment and even torture of countless innocent citizens in Turkey, where the United States has been intimately involved ever since the military takeover there in 1980.

A Turkish language specialist with over seven years of experience in Tur-key (I last served as head of the United States Information Agency's Istanbul office during the mid-1970s), 1 have known personally a number of persons now languishing in Turkish jails. Some are members of the Turkish Peace Association. During my time these people were without exception peaceful, upright citizens devoted to democratic principles. voted to democratic principles and I have no reason to suspect they may have changed.

ideals are not only victims of the present regime but of our current national leadership's penchant for political expediency as good relations at the highest echelon remain the overriding objective.

JAMES K. WELSH JR.

A Compromise on Prayer When we went to lunch the other

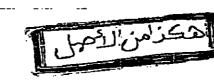
day, we found ourselves at odds over the school prayer issue. Without de-bating all night, indeed not spending any more than our usual half hour at

lunch, we reached a compromise.

Verbal prayer in public schools should be permitted if it is voluntary. nondenominational, of short duration, and immediately preceded by the clearly spoken statement from the teacher, "Science has not proved the

existence of God." We believe this compromise is sal-isfactory because it permits religious expression without abusing the school's educational purpose. The prefatory sentence will not interfere with the purely religious content of the prayer, so the spiritual aim is accomplished. At the same time.

> ALAN STOCKMAN. Geneva.



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# Salvation

# Androgynous Tide Rolls Off Streets to Runways

By Hebe Dorsey International Herald Tribune

ONDON --- One of the models on the runway had a run in her stocking, another had dust on her miniskirt. But far from being offensive, this was like a breath of fresh air after the overpolished Milan fashions. In London, where fashion

### still feels like a happening, the best LONDON FASHION

thing was not the clothes themselves but the authentic spirit behind them - spontaneous, free, eccentric and fun.

London fashion is back with a engeance, and people are predicting that the '80s will be comparable to the swinging 60s. Lord Snowdon, for one, said: "I think so. Although it's hard to tell when

# N.Y. Museum Given 249 Works of Art

FEW YORK — A gift of 249 works of art from the collection of the McCrory Corp., including examples from every major 20th-century geometric abstract style or movement, and a \$1.75million contribution have been made to the Museum of Modern "Art by the corporation."

The gift of paintings, sculptures and works on paper, which will be known as The Riklis-Lindner Collection of McCrory Corp., was selected by the museum from the 1.000 works in the corporation's collection. Meshulam Riklis is the chairman and Carl Lindner the vice chairman of the Rapid-American Corp., parent company of the McCrory Corp.

The works in the collection are by such major 20th-century artists as Josef Albers, Jean Arp, Robert Delaunay, Vasily Kandinsky, Fernand Léger, El Lissitzky, Kasimir Malevich, Alexander Rodchenko and Charles Sheeler. All the works are within the tradition of geometric abstraction that took shape around early 20th-century Russian avant-garde styles such as Con-structivism. Suprematism and Rayonism. Other movements and styles represented include Purism. De Stijl, Abstraction-Creation and the Banhaus. The period covered by the works is 1911 to 1981.

you're on the inside. The '60s were overemphasized. A lot was going on in the '50s. People forget."

The difference from the '60s is that London, probably tired of being copied right and left, is now showing signs of getting organized. For the first time, more than 200 top British dsigners showed together, March 16-19, under one roof. This resulted in an interesting combination of established names such as Caroline Charles, Emanuel or

Anthony Price, with new young names, who are trying to tap their street fashion talent into serious business. The latter was organized in several groups, including the In-dividual Clothes Show, Design Studio, Clothes Show Collections, the Exhibitionists and Amagalmated Talent. Steady British designers such as Jean Muir and Zandra Rhodes showed separately, Muir in her showrooms and Rhodes at her home, while Anthony Price showed at a nightclub. The Hippodrome. There, the show off the runway. with waitresses in white tutus, was in a par with the show on the run-

For the first time, the British industry and government, realizing the talent that is at their doorstep, are also encouraging young design-ers. Cyril Kern, chairman of the British Fashion Council, said, Fashion comes in waves. It so happens the wave is moving toward Loudon. So it's given me much easier support than I would have had, say, 10 years ago."

Kern, who owns Reidan, a leading British women's wear company, added, "We've had a recession and we're probably one of the last countries to get out of the recession. So you get much leaner, fitter businesses, you try harder, you look for new design, more creativity to survive." Saying he is very "rashion oriented," he hired Sheridan Barnett a few months ago hoping to turn him into a British Calvin Klein success story.

Four weeks ago, Marks and Spencer launched a new line made by six fashion students, which was tremendously successful," accord-

Strictly fashion speaking, the most interesting trends to come out of thes London weekend were a terland. eneral cleaning up of the street-





with about 30 designers showing capsule collections, had a lot of untamed promise plus a weirdness, a bizarreness at which the British are unique. These were not clothes for people who like their fashion all thought out for them. With strange shapes, and even stranger color combinations, this was fashion ou-

fashion look, a burst of fluorescent and original collection with the ac- streets and the way you're going to colors, long skirts in all kinds of cent on anatomically accented dance, the way you're going to on Saturdays, Body Shop sells hair shapes and a strong influence of the jumpsuits. Her long, V-necked chehealth-and-fit craze — with long mises of black or brown cottons announce yourself. It's all about ways of using it, including the johns and all kinds of stretch streaked with bold black strokes having a good time." McLaren, Spike, the Mohican, the Crop, the clothes a la Norma Kamali. There had style, as did did her Van Dongwas also a distinct firming up of the en hats, circled with dark knit Westwood in World's Ends, was androgynous look, with girls in bands. Shoes were heavy brogues the first to integrate fashion and scrunged to give a permanent leapt-boys clothes, but, unlike the '60s, it topped by socks and striped hose, rock music. He is now making a out-of-bed look.")

was not a his-and-hers, unisex look. Big, baggy pants were held with film about fashion and will come. The Individual Clothes Show, loose suspenders and belted with out with his own collection next. heavy brown leather, a rampant

> Bodymap, a favorite with the rock star Boy George, was a delight because both its style and delivery typified the close tie between rock McLaren put it: "In England, fash-

ion and music are synonymous. They go hand in hand. It's all about it needs to be really attractive. Betty Jackson had an interesting the streets, the movement in the who was the partner of Vivienne

Hair in London is very much in, both on and off the runway. With man Radio and Television Netwind-blown haystacks or Prince Valiant bobs, creamy-faced, big blue-eyed models had an innocent music and fashion. As Malcolm and terribly British doll look about them. This gave the androgynous clothes the sly, ultra-feminine edge

On King's Road, where street fashion is still thriving, especially Crimp, the Bob, the Afro and the Scrunge (this one "tousled and

# West Germany's 1-Man Band

By Michael Zwerin

BADEN-BADEN, West Germany — Joachim-Ernst Berendt began his radio career by playing Jimmy Lunceford and Benny Goodman records over a German army radio station during the siege of Leningrad in 1943. "I know Leningrad very well," he says. "I looked into it every day for two

While he had been drafted into a Panzer division, his father, Ernst, a Lutheran minister, died in Dachau for having been a member of the anti-Nazi resistance. And though Berendt's superior officer thought swing might be good for morale, you could go to jail for listening to the "decadent Negro-Judaic" music, as Goebbels called it, that he was broadcasting to his fellow sol-

"It was totally schizophrenic," says Berendt now, "But Glenn Miller was very popular in Germany before the war. I became a jazz fan in 1936, listening to Benny Car-ter's 'Lazy Afternoon' over Radio Luxembourg. I told this to Benny later, and he hugged me."

One of the most influential, intelligent — and controversial figures on the international jazz. scene, Berendt played a key role in making West Germany a prime jazz market after the war. He has written 21 books on jazz, translated into 16 languages. "The Jazz Book" has sold more than 1.3 million copies, and he claims, "It is the only book on jazz to have crossed the million mark. As a matter of fact I am 100 percent sure it is also the best-selling book about any

kind of music. The more than 250 record alburns he produced include the series "Jazz Meets The World," fusing American jazz with the music of Bali, Japan, India and other countries. He organized the American Folk Blues Festival, which introduced leading U.S. blues artists to European audiences in the '60s. He started the Berlin Jazz Days festival in 1964, and co-founded the Südwestfunk, the Southwest Gerwork in 1945, which he calls "one

of the great miracles of my life." Born in 1922 in Berlin, he built a primitive transmitting apparatus at home at the age of 15, broadcasting to family and friends in other rooms. He wanted to work in radio, but after being wounded and finally making his way to Baden-Baden after the war to take care of family affairs, survival was more on his

mind than a career. He was hired by the French occupation forces as "combination porter, gofer, translator and refugee processor. They were happy to find someone from an anti-Nazi



Joachim-Ernst Berendt

family to work for them. One day, just like that, an information officer asked me if I wanted to help them start a radio station. I don't know why he asked me. I had never talked to him about radio. I tell you, it was a miracle."

Starting with a few hours of general programming a week from a mobile unit once used for Nazi propaganda, Berendt halped build the SWF into one of Germany's major broadcasting organizations. He used his co-founder power to program more jazz than any other German TV or radio station.
"We were the spearhead," he

says. "Radio can educate people. The availability of the music created the interest. We promoted concerts, sponsored contests for amateur musicians. We were the first to play bebop. The other stations were against bebop at first and then jumped on the bandwagon. I always played the avant-garde. I played Lenny Tristano, Ornette Coleman, the Art Ensemble of Chicago, before anybody. Before they were known in America, the Art Ensemble gave a concert in Baden-

Although few question his devotion and accomplishments, Berendt has an abrasive side. "He opened many doors, but eventually lost his sense of balance, thinking: I am the first, the greatest, the only," a record producer in Hamburg said. He genuinely believes he invented European jazz," commented a ra-

dio executive in Berlin.

Baden. I do not make compro-

There was a vitriolic exchange of letters in the German press between Berendt and his successor as director of the Berlin Jazztage. Swiss keyboardist and composer George Gruntz. Berendt brought up this subject without prompting. Seated in his tastefully furnished house on a hill in a suburb of this historic spa, he seemed subdued, genuinely perplexed.

"Gruntz owes me the best job he

to leave I used all my power to get him hired. Everybody in Germany said the new director should be German. But I said it should be a musician and Gruntz is one of the only musicians I know who writes letters and keeps files and returns calls. And as soon as he took over, he turned against me in a violent manner. I don't understand, he seems to hate me. I never saw anything like it."

Berendt's most recent book, actually a 24-page booklet, "Nada Brahma — The World Is Sound," published last fall, has nothing to do with jazz. "Nada means 'sound' in Sanskrit." he explains: "Brahma is a Hindu God. But the book is not about India. Whatever is written about far away people and ancient times is equivalent — if understood correctly — with the findings of modern science: cosmologically, morphologically, biologically, mythologically, harmonically and astrophysically. What I try to prove is that the world is made of sound on spiritual and scientific

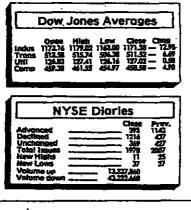
He writes about Tibetan monks who can sing an entire chord by themselves, about pulsars that sound like bongo drums and castanets, about the sound of the sea and spheres. "Recent experiments have made the sounds of the planets audible. Mercury makes a quick, busy, chirping sound. Mars slides several notes up and down. Saturn trembles, deep and scary. The eight protons of oxygen form, in their different energetic levels, a C-ma-

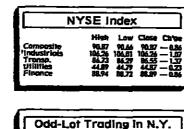
"Musical sounds are created by the friction between the solar wind and the earth's magnetic field. Photosynthesis occurs in a harmonic progression. Myths and legends which tell that the world begins with sound can be found in many cultures - Aztec, Eskimo, Persian and Indian, for example. The psalmist David composed a verse which includes the lines: 'Sing unto the lord a new song. . . . Let them praise his name in the dance; Let them sing praises unto him with the timbral and the harp; Praise him with the sound of the trumpet; Praise him with the psaltery and the harp. . . Praise him with the stringed instruments and organs;

Praise him upon the loud cymbals. "Since God created the world by sound, all music refers to God and therefor all music is first and foremost a praise of God."

Joachim-Ernst Berendt will narrate a series of lectures on "The World Is Sound," with actors, musicians and recorded illustrations: East Berlin, April 1; West Berlin, April 2; Cologne, April 5; Hamburg, April 8; Ludwigshafen, April 9; Munich, April 10.

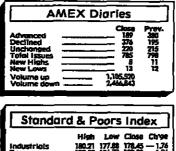
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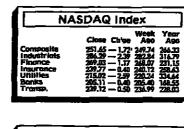




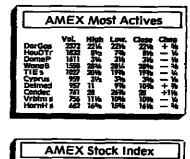




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# **NYSE Skids in Light Trading**

change skidded for the first time in six sessions Monday after major U.S. banks raised their

prime rate.

But the slowest trading pace of the year indicated that the interest-rate news was not a surprise and the market might be poised for a

The Dow Jones industrial average, down 16 in the early going after jumping 16.96 Friday, dropped 12.98 to 1,171.38.

Declines routed advances 1,180-430 among the 1,974 issues traded. NYSE volume of only 64 million shares, down from the 118 million

traded Friday, was the slowest since 63.8 million changed hands Dec. 27. "There was a lot of talk about the prime rate," said Robert Kahan of Montgomery Secu-rities, San Francisco, "but the slow volume showed much of the drop was due to a lack of bidding. I just have a hunch a rally is coming

Bonds, which fell Friday on an 11.2 percent surge in February housing starts, dropped even more following news that personal income climbed 0.7 percent in February. The government's report that the nation had

a big fourth-quarter current-account deficit also disturbed investors.

Gulf, which agreed to merge with Socal for \$13.2 billion, was the most active NYSE-listed

rose ½ to 40. The White House said Friday it NEW YORK - The New York Stock Ex- opposed legislation to block the mergers, which created loan demand that helped send the prime rate higher.

Enstar jumped 4 to 164. Roy Huffington, a Houston oil investor, is seeking control of the company to dispose of it. (Page 11.)

Warner Communications was second on the active list, off ½ to 22½. Warner agreed to buy back 5.6 million of its own shares held by Rupert Murdoch for \$180.6 million. Chris-Craft Industries, which owns a large stake in Warner, added 1 to 28%. AT&T was the third most active, off 1/2 to

16%. Offshoot U.S. West, which declared an initial quarterly dividend of \$1.35 a share, lost 1/2 IBM was fourth on the active list, up 14 to

Among the other high-technology issues, Teledyne lost 1% to 168%, TDK 1% to 60%, Tektronix 1% to 58%, Minnesota Mining & Manufacturing 1% to 76%, Digital Equipment 1 to 91%, Motorola 1% to 115 and Hewlett-Pack-General Motors dropped 11/2 to 67, Ford 14/4

to 3814 and Chrysler 114 to 27. Automakers, which have enjoyed booming sales this year, could be hurt by the rise in interest rates. Banking stocks fell. Ciricorp shed % to 33%,

First Chicago 15 to 23%, Bankamerica 14 to 20%, Chemical 14 to 46%, Bankers Trust 15 to 43%, Manufactuers Hanover 15 to 36% and Texas issue, up ¼ to 72%. Superior Oil, which agreed to be taken over by Mobil Corp. for \$5.7 billion, Commerce Bancshares 1% to 44%. 12 Month
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### **FUTURES & OPTIONS**

# **Pressure Rising for Change** In the Trading-Pit System

By H. J. MAIDENBERG

EW YORK — When the Chicago Mercantile Exchange's computer system "crashed" Friday, it not only handcuffed traders using the world's second-biggest futures market for several hours, but to many in the industry it served as a reminder of the paralysis engulfing the

current system of trading in these markets.

The paralysis stems from the fact that the traditional method of anctioning futures contracts by hand signal and open outcry by floor traders positioned around a pit is becoming less effective. each day, as public participation in these markets continues to swell the volume of orders.

Such is the crush in an active pit that floor traders cannot see or hear each other within the small trading arena and often must deal with those who are closest to them physically. As one floor trader explained: "During a volatile period, you can have 10 orders hit the pit at the very same instant and get with executions at 10 dif-ferent prices. I won't even talk

**Industry leaders** seek to make transactions more orderly.

about the outtrades, our fancy word for errors, that are killing

This factor, combined with the proliferation of new futures and options, has contributed to the shrinkage of brokerage profits, the sharp rise in costly order-execution errors and, in an alarming number of cases, the inability to execute orders at specified prices during periods of price volatility, the very time when traders are

most eager to do business. "We can't go on this way much longer without the whole system of trading crashing one day," said John J. Conheeney, chairman of Merrill Lynch Futures Inc., the largest futures commission merchant. "There isn't a person in the industry who wouldn't agree that the system is breaking down, but we don't see any concrete moves toward a solution, which is the most frightening aspect of the problem."

The recent moves by all the Chicago exchanges, which handle roughly 80 percent of futures trading, into vastly larger quarters is not the answer, Mr. Conheeney said, adding: "While the Chicago exchanges are much more efficient than those in New York during volatile sessions, the basic problem is not one of space but of systems. The New York Stock Exchange handled 2.5 million shares on the day that I first walked on that floor as a Merrill Lynch trainee over 30 years ago. Today, that same space has handled more than 100 million-share days without any trouble. However, it is obvious that the Commodity Exchange Center here has just about reached its physical limits."

Mr. Conheeney stressed that he was not advocating "a black box." or automated trading system. What he and many other

Mr. Conhecney stressed that he was not advocating "a black box," or automated trading system. What he and many other industry leaders have suggested is the breaking up of the traditional trading pit. "We could, for example, have separate pits of a particular market given over to arbitragers, hedgers, spreaders and small orders from the public, instead of having these operations lumped together," he said. "This would sharply reduce the floor population and result in far more orderly transactions." he floor population and result in far more orderly transactions," he

Gerald Tellefsen, senior vice president of the consulting firm of Booz Alien & Hamilton Inc., who has been working on the problem with all segments of the industry for the past 16 years, agreed with Mr. Conhecuey's suggestions. But he noted: There is little chance of any progress toward any solution

until their trading system falls apart; until their physical and financial pains become unbearable, which may be sooner than many of them think. While the futures industry has been and will the most innovative sector of the marketplace, it is also the most tradition-bound. Thus, the exchange members will not automate, for cultural reasons as well as the fear that they will lose control over their markets."

But, Mr. Tellefsen predicted: "Eventually, futures trading will have to be automated, because their business is fast becoming global in scope. Whether or not the new innovators will, as the domestic automakers learned the hard way, come from overseas, the losers will fight it at every turn and be unprepared for its inevitable introduction."

The winners, he added, will be those who realize two things.
"One," he said, "that they will not get this overseas business or, for that matter, the coming wave of domestic institutional futures and options business, without automating their operation. Second, that automation and the introduction of modern methods does not mean loss of control over their markets."

# **Trade Gap** At Record In U.S.

# Current Account in \$41-Billion Deficit

Compiled by Our Staff From Dis WASHINGTON — The broadest measure of U.S. foreign trade reached a record deficit of \$40.8 billion last year, the Commerce Department said Monday.

The 1983 current account deficit compared with a \$11.2-billion shortfall in 1982 and far surpassed the previous record deficit of \$15.5 billion in 1978. The current account incorporates merchandise trade and trade in services, includ-ing interest payments on invest-ments abroad.

The United States has run a merchandise trade deficit every year since 1975, but that is usually offset by a surplus in nonmerchandise

The current account showed a surplus of \$4.5 billion as recently as 1981, then started sliding downward. Many analysts predict that the deficit will be even larger this

The country's trade woes are blamed primarily on a strong dol-lar, which has made U.S. products relatively expensive and thus harder to sell overseas while making foreign goods relatively inexpen-sive. In addition, economic recov-ery in other nations has lagged behind the U.S. recovery.

The Commerce Department report said that a services surplus of \$28.4 billion last year was not enough to offset a record merchandise trade deficit of \$60.6 billion and an \$8.6-billion outflow of "unilateral transfers," such as foreign

The merchandise trade deficit ballooned from \$36.4 billion in 1982, reflecting a rise in imports of \$13.1 billion to \$260.8 billion and a drop of \$11 billion in exports. which totaled \$200.2 billion for the

The report blamed this imbalance on "rapid U.S. economic expansion and limited recovery in major industrial markets abroad, dollar appreciation against major currencies and debt problems in

For the final three months of the day.

The department also said, however, that spending dropped 0.7

The department also said, however, that spending dropped 0.7

The department also said, however, that spending dropped 0.7

The department also said, however, that spending dropped 0.7 year, the quarterly current account

Higher domestic interest rates Data Resources Inc. in Lexington, said. Massachusetts, said Monday.

The latest increase in the prime come, revised upward in the latest rate, which began moving half a point higher to 11.5 percent Monday, can only help make the nation's trade posture worse, he said, by raising the value of the dollar chases was the major reason for the dollar chases



# Boeing Accord Boosts Japan's Aircraft Firms

By Steve Lohr New York Times Service TOKYO - Now it is aero-

Japan has become a relentless, world-class competitor in industries from cars to semiconductors. And now, through an agreement signed Thursday between a Japanese consortium and Boeing Co. to jointly develop a mediumsized jet airliner, Japan's aerospace industry moves one step closer to the major status it wants so badiy.

The pact with Boeing also sheds light on how Japan plans to become a pillar of the global aircraft industry: It will seek to steadily enlarge its partnership role with the giants.

In the last few years, there have been many anxious predictions that sooner or later Japan would mount its assault on the aircraft business, just as it has ed it.

tions of Western industrial supremacy. One hears the warning that foreign rivals will be com-peting with a "Toyota of the

Given Japan's history of suc-cess in fields ranging from steel to semiconductors, such fears would hardly seem misplaced.

Yet the Japanese aerospace companies and the Ministry of International Trade and Industry have their own fears. Japan's first solo foray into the civil aircraft industry in the postwar years was a technical success but

a commercial flop.

The twin-engine turboprop, the YS-11, was designed for short flights and carried up to 60 passengers, depending on the seat configuration. It was a decent design, analysts say, but not enough airlines wanted or need-

Production was halted in 1973, with 182 planes sold and no prospect of ever breaking even. More than \$100 million in gov-ernment loans were reportedly written off.

Since then, the market has become far tougher. The cost of bringing a new arritine from the drawing board to the market-place has soared to up to \$3 bil-lion for the airframe alone, excluding the engines.

Start-up competitors would also enter a field dominated by three giants - Boeing, McDonnell Douglas Corp. and Airbus Industric, the European government-backed consortium. And some analysts believe that three builders may be more than the market can sustain.

Accordingly, Japan has decided that this is a market where friends are valuable. "It is only (Continued on Page 11, Col. 6)

# U.S. Banks Raise Prime to $11\frac{1}{2}\%$ , 14-Month High

By Jane Seaberry

Washington Post Service
WASHINGTON — Major U.S. banks raised their prime rates Monday to 11½ percent from 11 percent. The new rate was the highest since January 1983 and the first increase since August.

After the rates had been raised, the dollar rose in European trading. It ended the day in New York at \$1.438 to the British pound, a strengthening from \$1.448 Friday; at 226.63 yen, up from 225.1 Friday, and at 2.638 Deutsche marks, are few at 2.635 Friday. up from 2.625 Friday.

An increase in U.S. interest rates generally leads to increased strength in the dollar against other currencies, but some analysts said the market had already partly dis-counted the increase in interest rates, which was partly behind the dollar's rise last week.

Some analysts said the prime could rise to 12 percent before the

The increased prime was the first major bad economic news this year for President Ronald Reagan, who is seeking re-election partly on the claim that he lowered unemployment and inflation and raised the level of economic activity.

The prime rate is the base on which banks compute interest charges on short-term business loans. Large, credit-worthy bor-rowers frequently borrow at below the prime rate, while small businesses typically pay one or two percentage points above the prime. Many analysts attributed the rise

in interest rates to uncertainty

about how the administration and Congress will handle the large federal budget deficit.

But the robustness of the economy was also blamed by some analysts for the increase in the interest rate. Private credit demands, pardemand for money and pushing interest rates upward, they say.

Although the increased prime may look bad for the Reagan administration, economists said that it is not expected to abort the economy's expansion, partly because Americans have gotten used to high interest rates and because money is still available for lending.

If anything, the higher prime will probably slow growth only slightly, the analysts said.

Many analysts had been expecting the prime to increase because other interest rates have started ris-

Many analysts said Monday that they think the Fed already had begun tightening credit conditions in an attempt to keep inflation under control and slow growth to a more sustainable level.

Some analysts, however, said Monday's increase was just the be-

"Unless there's some abatement in credit market pressures in the next few weeks" the prime could reach 12 percent by April or May, said William V. Sullivan Jr., senior vice president for money-market research at Dean Witter Reynolds

### ■ White House Restrained

A White House spokesman played down Monday the signifi-cance of the rate increase, predicting that the rise would not hamper the U.S. economic recovery, The Associated Press reported from Washington.

"During the first quarter, the recovery has continued to be strong in the face of these small increases in some interest rates," a White House spokesman, Larry M. Speakes, told reporters. "There's little reason, in our opinion, to ticularly business borrowing, have think that the increase in the prime begun to rise, increasing the overall rate will hamper the recovery."

# U.S. Personal Income Rises 0.7%

WASHINGTON — U.S. perdeveloping countries."

WASHINGTON — U.S. personal income climbed 0.7 percent
vices was down from \$33.2 billion
in February, the smallest increase in 1982 while unilateral transfers in seven months, following Januincreased \$600 million from \$8 bil- ary's record surge in income, the

billion, topping the \$12.1 billion percent in February, the first deposted in the third quarter.

make the trade situation worse, spread across the board, from fac- in February, compared to a 5.3-Roger E Brinner, an economist at tories to farms, the department percent average for the preceding January's increase in disposable

January's 1.5-percent rise in in-

by raising the value of the dollar chases was the major reason for the and thus making U.S. exports more decline in February spending the expensive.

(AP, UPI)

Assembly in anishouse part than first reported on spending reinforced indications from earlier reports that January was far stronger compared with \$14.1 billion in January.

tail sales showed a 0.2-percent drop any failed to keep up the pace, anafor February.

Personal income — pay before income taxes but after Social Security withholding — increased \$20.9
billion in February, at an annual
\$73 from January. billion in February, at an annual Commerce Department said Mon- rate, to \$2.922 trillion, the department said. Disposable income, af-

With income up but spending down, the savings rate accelerated The increase in income was to 6.1 percent of disposable income

Personal income is a rough indi-

The February level of disposable

The January increase in dispos-

able personal income was 1.6 per-cent, slightly more than the 1.5percent gain for all personal income, and would amount to a \$156 increase in the per-capita annual income.

personal income was I percent, the Commerce Department said.

At annual rates, private wages ture. Income gains have been fairly and salaries went up \$7.2 billion in strong throughout the U.S. ecolion in January.

clearly what they intend doing about this," Mr. Regan said.

Mr. Regan, who arrived in Beij-

ing Sunday, said that one purpose of the joint economic session was to

improve commercial ties in prepa ration for President Ronald Reagan's visit to China next month. Mr. Regan is scheduled to meet

China's prime minister, Zhao Ziyang, Tuesday.

Mr. Regan said other goals for his trip include furthering negotia-tions on an investment treaty that

would clarify conditions under

He said he also hoped to discuss with Chinese officials the transfer of high technology to China and a recent case in New Jersey in which

several people were accused of smuggling high technology on be-half of China. China has denied

which U.S. businesses operate in

# FIDELITY SPECIAL GROWTH FUND

Société Anonyme d'Investissement 37, rue Notre-Dame, Luxembourg R.C. Luxembourg B 20095

Notice of Annual General Meeting

Notice is hereby given that the Amual General Meeting of the ebolders of Fidelity Special Growth Fund, a société anonyme orgadumetr the laws of the Grand Duchy of Luxembourg (the "Fund"), will be held at the principal and registered office of the Fund, 37, rue Notre-Dame, Luxembourg, at 11:00 a.m. on March 29, 1984, specifically, but without limitation, for the following purposes:

Presentation of the Report of the Board of Directors: Presentation of the Report of the Statutory Auditor:

 Approval of the balance sheet at November 30, 1983 and income statement for the fiscal year ended November 30, 1983; Discharge of Board of Directors and the Statutory Auditor: Election of eight (8) Directors, specifically the re-election of all sent Directors, Messrs, Edward C. Johnson 3d, William L. Byrnes.

Charles A. Fraser, Hisashi Kurokawa, John M. S. Patton, Harry G. A.

Seggerman and James E. Tonner and Finimtrust.

6. Election of the Statutory Auditor, specifically the re-election of the present Statutory Auditor, Maurice J. Sergant.

present Statutory Auditor, Maurice J. Sergant.

7. Approval of such amendments to the Articles of Incorporation as are necessary or appropriate to enable the Fund to adopt the status of a "societé d'investissement à capital variable" and to eliminate references therein authorizing use by the Fund of a repurchase subsidiary to repurchase Fund shares, including amendment of Article 3 to change the purposes of the Fund. Article 5 to change the amount of and manner of determination of the amount of the capital of the Fund, a portion of Article 22 to change provisions as to the limitations on assets available for repurchase of shares, the dissolution of the Fund and the status of reacquired shares, a portion of Article 24 to change the manner of determination of the Net Asset Value of shares, including by incorporation of the Fund's Valuation Regulations into said Article. Article 25 to change various provisions as to subscription for shares, Article 28 to delete provisions as to a legal reserve and to change amounts available for payment of dividends, and Article 32 to change references to certain laws to which the Fund is subject, and deletion in their entirety of Article 7. to which the Fund is subject, and deletion in their entirety of Article 7, relating to changes in the amount of the capital of the Fund, and Article 23, relating to creation of surplus accounts.

8. Consideration of such other business as may properly come before

Approval of the above Items of the Agenda will require no quorum and will be given by the affirmative vote of a majority of the shares present or represented at the Meeting, except that the amendments referred to in Item 7 will require the affirmative vote of two-thirds of the shares present or represented at the Meeting. Subject to the limitations imposed by law and the Articles of Incorporation of the Fund, each share is entitled to one vote. A shareholder may act at any meeting by proxy.

The amendments referred to in Item 7 will all be voted on as one proposal, rather than voting on each amendment separately, and if approved will become effective as soon as possible after the Meeting.

The full text of the above amendments in substantially their recommended form and a letter to shareholders explaining the reasons for the recommended change to the status of a société d'investissement à capital variable is being mailed to holders of registered shares along with this notice of meeting. Copies of these documents will be made available to

By Order of the Board of Directors

# China Says It Seeks to Expand Trade With U.S.

### **CURRENCY RATES** Late interbank nates on March 19, excluding fees.

Official fixings for Amsterdom, Brussels, Milan, Paris. New York rates at 4:00 pm EST.

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# INTEREST RATES

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# U.S. and China Reach Tax Accord

BELJING - China's minister of finance, Wang Bingoian, told the U.S. secretary of the Treasury, Donald T. Regan, Monday that China wants to expand China-U.S. trade. He demanded that the United States start by eliminating discriminatory legislation against Chinese imports.

By Christopher Wren

New York Times Service

Mr. Wang spoke to Mr. Regan at the fourth annual session of the China-U.S. Joint Economic Commission, which opened in Beijing Monday. The commission was set up in 1979 to promote bilateral economic and commercial rela-

"The present scope of our bilateral trade is not big enough and is far from commensurate with the population, resources, production capacity and market of the two countries. We should try by various means to expand our trade," Mr. Wang was quoted as telling Mr.

He urged that Washington abol-ish all kinds of restrictions on goods made in China, an apparent reference to quotas imposed on Chinese textiles, footwear and other inexpensive imports. Portions of his remarks were circulated after the meeting by the Xinhua news Chinese-U.S. trade last year was

\$4.4 billion, down 15 percent from

that of 1982, after China stopped

buying U.S. grain to protest U.S.

quotas on Chinese textile imports. The quotas were imposed before a new textile agreement was signed last August In halting its buying China failed to meet its commitment to buy a minimum of 6 million tons of U.S. grain a year under a four-year agreement, falling 2.2 million tons short of its obligation. It has since promised to make up the purchases

this year.

On Monday, Mr. Wang blamed the decline in trade on discriminatory economic and trade policies toward China. No linkage existed

BEIJING - The United States and China have reached agreement on a tax treaty that U.S. government sources say is the most liberal that Washington has ever negotiated with a developing country.

The agreement will be initialed Wednesday by the U.S. Treasury secretary, Donald T. Regan. The formal signing is scheduled for next month, when President Ronald Reagan visits Beijing for discussions with

The new treaty will encourage joint ventures between U.S. companies and China, and the sources said it indicated that China is increasingly eager for stronger commercial ties. Mr. Regan declined to discuss details of the tax treaty until Mr. Reagan has reviewed it.

ity in meeting other agreements.

Individual
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between the grain and textile accords, and China's default has comber and that the U.S. delegaraised questions about its reliabil-tion would raise the issue at the current talks.

Mr. Regan, before the joint session opened, said in response to a question that the United States the last year of the agreement and wanted China to renew the grain we'd like to know a little more involvement.

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BEIJING — Armand Hammer, chairman of Occidental Petroleum Corp., has reassured Chinese leaders that a 5500-million venture with China to build the world's largest open-pit coal mine will go ahead, the official China Daily said. Monday.

The appear said is had langed from the nese Coal Ministry that Mr. Hammer had sent a letter to China's leaders, including Deng Xiao ping, explaining that recent speculation in the press that the project was near collapse was unfounded.

schedule to fly to Beijing to conclude the agreement, the paper said, but it did not say when.

The project entails the development of a mine.

in China's central coal mining area of Shann province that would produce 15 million tonse.

Occidental's investment is estimated to be up to \$350 million, and there have been persistent

TVA Board Approves Settlement With Gulf

KNOXVILLE, Tennessee --- Tenn

The Associated Press

KNOXVILLE. Tennessee — Tennessee Valley Authority directors approved a \$70-million settlement with Gulf Corp. in a uranium price. fixing suit Monday, ending one of the largest U.S. antitrust cases.

Gulf was the last of 12 uranium producers to settle out of court with the TVA after seven years of litigation that brought the federal mility more than \$180 million in cash and goods. The TVA sued Gulf and other U.S. and foreign companies in 1977, alleging that they conspired to raise the world price of uranium from \$6 a pound in 1972 to \$41 a pound in 1973.

TVA lawyers reached the settlement with Gulf and a subsidiary, Gulf Minerals Canada Ltd., Dec. 22 as the case was coming to trial in federal court in Chicago. Gulf directors approved the settlement soon afterward.

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# Big Coal Project P&O Says Pretax Profit Rose 68% rose to 316 pence, but later eased to the weekend that Trafalgar I cided not to make a new big coaching said the time.

ntalSteam Navigation Co.'s preux pofit last year rose 68 percent £3.66 million (\$82 million), or 8.2 jence a share from £33.55 million or 14 pence a share in 982 the company reported Mon-

Reenue rose 7,5 percent to £1.3 billion from £1.22 billion. The ividend for the year was increadd 25 percent, to 12.5 pence.

Impediately after release of the figure, which had not been sched-uled he price of the group's stock

Jeffrey Sterling, P&O's chair- created by the bid last summer. man, said Monday that it was in followed by the commission's ineveryone's interest to rapidly re-vestigation, was unsettling for cussolve the question of a renewed bid tomers and employees. for the company.

Britain's Monopolies and Merg-ers Commission last week cleared the way for a bid for P&O by Tra-satisfied with the level of return on falgar House PLC. Trafalgar's of-fer, which valued P&O at about Mr. Sterlings £290 million, had lapsed automati- al markets that the company served

There was press speculation over proving profits

rose to 316 pence, but later eased to the weekend that Trafalgar had de-Mr. Sterling said the uncertainty He said that restructuring of the

Mr. Sterling said the internationcally upon referral to the commis-were improving and consequently there will be opportunities for im-



# Board Member Seeks Control of Enstar

about the sale of the company, ac- ble." cording to a filing to be made Monday with the Securities and Exchange Commission. Mr. Huffington is a Houston in-

vestor who holds a seat on the energy company's board. 28.2% Rise Predicted

In Japanese Profits

TOKYO - The net profit of Japanese companies in the six months ending Sept. 30 is expected to increase an average of 28.2 percent from a year earlier, the Fi-

nance Ministry said Monday. Nearly 6,000 companies, excluding banks and insurance companies, were surveyed in the study, the ministry said. The increase in the current six months ending March 31 is estimated to be 20 percent, it added. The steel, paperpulp, textile, chemical and nonfer-

Compiled by Our Staff From Dispatches
NEW YORK — Roy M. Hufflington, a major shareholder and members "committed to bringing director of Enstar Corp., plans to about a sale or merger of Enstar on wage a proxy battle to unseat the terms which will maximize share-present management and bring holder values as promptly as possi-

> John Patton, secretary and general counsel of Roy M. Huffington Inc., said Sunday, "We're giving notice that we plan to solicit proxies for the annual meeting. He declined to say more.

The filing with the SEC said Mr.

board member expires on that date. He and his company own 13.4 percent of Enstar's common and preferred stock, making him the company's largest shareholder.

Last August, Mr. Huffington and his company attempted to increase their stake in Enstar. He agreed to buy Enstar stock from Tesoro Petroleum Inc. at \$31 a share, but after Enstar's board issued the preferred stock, Tesoro terminated the agreement.

Most of Enstar's production is in Huffington would try to take con-trol of Enstar's board at the annual \$30 million, or \$1.24 a share, on meeting May 24. His position as a revenue of \$349 million last year.

# British Caledonian Reports '83 Profit

Reuters ing two years of losses.

The chairman of the company,

British Caledonian had a £655,000 loss in 1982, partly because it had to to cut back its South

# U.S. Imposes Controls on DEC Exports

New York Times Service NEW YORK — The Commerce Department has imposed major restrictions on Digital Equipment

Corp. to control the export of its computers, several months after one of the company's most sophis-ticated machines was seized en route to the Soviet Union. The restrictions require Digital to obtain individual export licenses

from the Commerce Department before it can ship any of its com-puters to West Germany, Norway Or Austria. All three countries are considered prime "diversion points," where a major computer system can change hands quickly and be snuggled into East-bloc na-

Digital, the world's second-largest computer maker after International Business Machines Corp., is also being required to furnish the government with detailed information about all its overseas customers for its sophisticated line of VAX computers and how those customers intend to use the equip-ment. VAX is suitable for numerous military applications.

Industry experts say Digital is the only company currently operating under such restrictions. And they say is not clear whether the Commerce Department's action was directly linked to the shipment seized in November — in which government investigators say Digital appears blameless — or whether it is part of the broader effort in Washington to stem the flow of

Western technology to countries requires stock corporations to have aligned with the Soviet Union. But the tightening of exports has million won (about \$63,000), effecprompted concerns from other tive Sept. I. manufacturers who believe that the restrictions will soon be applied to ment on the size of stock corporathem, perhaps even before the curtions. Under the revision, the rent debate over revising high-tech- minimum face value of a share will nology export controls is complete. be raised to 5,000 won from 500.

ment costs, estimated at \$150 mil-share of revenues collected by the lion, in return for a share of the Japanese group. through cooperation that Japan can participate significantly in the provides about half the funds be available before mid-1989. commercial-aircraft business," said through conditional loans, mean-

Pact Boosts Japan's Aircraft Firms

Osamu Watanabe, director of MIing that they will be paid back on TI's aircraft and ordnance division. the condition that there are profits. Under the letter of understand-The investment by the Japanese ing signed Thursday in Seattle, the consortium will be much larger for Japanese group -- comprising Mita 150-seater. There are no firm estisubishi Heavy Industries, Kawasaki Heavy Industries, Fuji Heavy Industries and Japan Aircraft Demates of the cost because many details between the Japanese and Boeing must still be ironed out. velopment Corp. — will own 25

However, analysts here, assuming that the basic development costs will be \$1.6 billion, figure that

More important than the enlarged financial stake to the Japanese is the broader participation in

the project. In the 767 program, the Japanese side was little more than a subcontractor. On the new plane, though the Japanese will "participate in all aspects of the program, including development, production, sales and

support." the agreement states.
"This time we have a genuine Japan's share would amount to partnership with Boeing," said a more than \$400 million. The larger spokesman for Mitsubishi Heavy the ante, the greater would be the Industries.

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# E to Examine Omputer Plan

RUSSELS — The Europe anCommission Monday welcoded a request by 12 companies for common computer studends in the European Committy, starting in 1985, so that the companies can make atheir products compatible. common standards would bist competition and could cinter the dominance of Inter-nional Business Machines drp., which controls more th 40 percent of the Europea market, the 12 companies

commission 'spokesman d the proposals, issued Fri-

e practical aspects of implee carrying out a widespread ensultation of governments, sers, national authorities and idustry," the spokesman said.

12. South China Sea, and its rig is n the way to the company's fourth

2 trillion yen (\$53.3 million) in the year ending March 31, 1985. or the fiscal year now ending. Fu-tsu will report after-tax profit of 3 billion to 44 billion yen, up bout 18 percent, and current prof-

of 75 billion on sales of 980 illion, all records. Last year taxed

rofit was 37.53 billion yen, current

ir Shanghai to make electrical

Arospace Division in Mississippi

**COMPANY** 

ere 806.77 billion.

LONDON - British Caledo-Monday a pretax profit of £3.2 million (\$4.6 million) for 1983, end-

Sir Adam Thomson, said that British Caledonian was holding talks on selling stock to raise £150 milrous-metal sectors are expected to lion to finance plans to take over some routes of state-owned British

Airways, its main competitor. The airline was largely responsible for the improved results of its parent company, the Caledonian Aviation Group, which reported pretax profit of £3.3 million, more than double that of 1982.

### nian Airways, Britain's largest independent airline, announced

American routes during the Falklands War between Britain and Ar-

# 1973 1974 1978 1979 1980 1977 1981

percent of a joint venture that will develop, produce and market the

new plane. Boeing will hold at least

a 51-percent equity position in the

The Seattle-based company may enlarge its share later. But other

foreign companies might also buy a

stake in the Boeing-Japanese ven-

ture, according to analysts here.

The names frequently mentioned as candidates include Aeritalia, Ita-

ly's aerospace company; Canada's DeHavilland; Hawker-DeHavil-

land of Australia, and Fokker of

Since the late 1970s, the Japa-

nese companies have participated with Boeing to help develop and produce Boeing's 767, which has

about 50 seats more than the 150-

seater. In that project, the Japanese

side has a 15-percent share in the

plane, making sections of the fuse-lage and fairings that wrap around

the joints between the 767's wings

In the 767 agreement, the Japa-

nese assumed part of the develop-

**New Seoul Law Requires** 

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SEOUL - South Korea's legis-

lature has approved a law that

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# ly, were in line with long-term immunity aims to catch up th the United States and Ja-

in in information technology thin the next decade. "The commission is studying enting the proposals and will

OMPANY NOTES British Petroleum Development September, and earnings were against takeover attempts, the comtd. has abandoned its third well in

as were also abandoned. Fujitsu Ltd. says it expects parnt company sales to be a record

year's parent company balance sheet loss of 16.8 million Deutsche three groups, with one-third elected pokesman. The first wells in the said in Frankfurt. It gave no furing directors only for just cause.

Board vacancies would be filled by ing directors only for just cause. ther details.

U.S. Steel Corp. will ask sharea vote of majority directors, and holders at its annual meeting May I changing bylaws would require a to approve several steps to guard two-thirds stockholder vote.

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Metallgesellschaft AG returned tprofit in the year that ended last

**EARNINGS** Revenue and profits, in millions, otherwise indicated

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# W. Germany Widening Role in East's Economy

By John Tagliabue New York Times Service

BONN — For years, the announcements at the weeklong Leipzig trade fair followed a pattern: A Western company agreed to supply an Eastern-bloc country with a

But at last week's fair, there was But at last week's fair, there was a striking change in the pattern. As overall East-West trade remains stagnant, West Germany is coming up with immovative ways to stabilize its trade relations with East Germany. In the process, Bonn is playing a widening role in East Germany's economic life, to the distress of neighbors, both in the East and West.

Last week's agreements, for ex-

wagen to deliver trucks and an en- consumer goods.

man steel into sheets. A contract Germany also imports raw materiannounced last month for Volks- als and semifinished products and

wagen to deliver trucks and an engine-assembly plant to East Germany in exchange for engine shipments to VW factories in the West, was also publicized again.

Despite political tensions and the chilly chimate for bank lending to Eastern Europe, trade between East and West Germany rose 8.5 percent in 1983, to the equivalent of \$5.9 billion, far outpacing West Germany's overall 2.3-percent trade growth.

its trade relations with East Germany's overall 2.3-percent trade growth.

Otto Lambsdorff, the West Germany last year enjoyed perhaps the greating a widening role in East Germany's conomic life, to the distress of neighbors, both in the East and West.

Last week's agreements, for example, included one for West German companies to roll East German companies and other capital goods. East with Communist nation's oncestaunch labor ethic.

Yet they and Western banking officials agree that East Germany last year enjoyed perhaps the great-statuch labor ethic.

Yet they and Western banking officials agree that East Germany last year enjoyed perhaps the great-set success of any Eastern bloc country in improving its hard-currency debt situation, because of a larger trade balance and a \$396-tonies and other capital goods. East

healthier trade bulance, Eas Ger-many has deepened industrial and financial contacts with Wes Ger-many, with which it does tearly two-thirds of its total Vestern

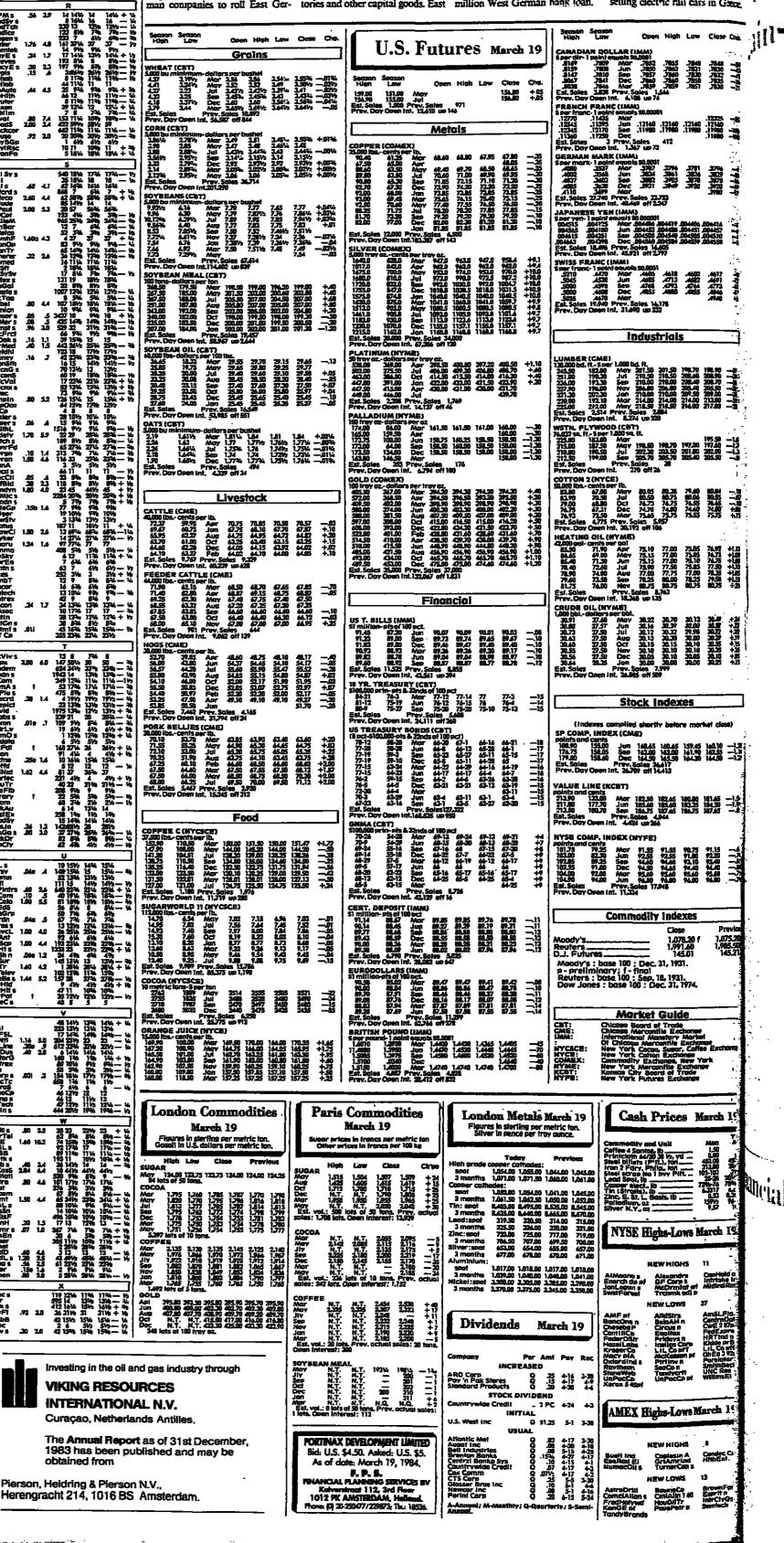
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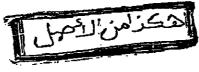
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But the agreements jur announced illustrate the efform develop new kinds of consense.

nounced illustrate the efform develop new kinds of coopeation.

Many German industrialization the next step will be cooperation in third markets. Siemens has aready teamed with East German priness selling electric rail cars in Gree.





TUESDAY, MARCH 20, 1984

# Yen Expected To Strengthen **Against Dollar**

ust's Economy

Little ...

By James S. Altschul

TOKYO — Experts generally agree that the yen will strengthen moderately against the dollar and European currencies in the next few months. At the same time, they do not predict any upheaval on the foreign-exchange markets.

"I think, for a change the consensus is right. But I don't see anything dramatic. The Asian market as a whole is very stable," said Gary Gray, vice president and manager of the resources management department at Bankers Trust's Tokyo branch. Most forecasts put the yen at about 225 to

Mr. Gray cited three factors that should cause a gradual appreciation of the yen — an election year in the United States will make some investors nervous about holding dollar assets; capital has been flowing into Japan at a healthy clip (January's figures set a record), and the Japanese are showing somewhat less interest in acquiring dollars.

"I'm not saying the capital outflow out of Japan won't continue," he said. But it won't be quite enough to offset Japan's mammoth current-

Mr. Gray believes that dollar interest rates will remain stable this year even more steady than they were last year, although there may be some upward pressure on short-term rates toward the middle of the year. The growth of the economy will have more of an impact on tax receipts than people are projecting," he said. He predicts a U.S. budget deficit of \$165 ballion or \$170 billion, instead of the \$180 billion most observers articipate. There may, however, he a little more loan demand in the United States during the second half of this year.

Peter Skorpil, vice president and Japan treasurer at Citibank, also foresees a drop in the dollar to the 225-yen level by June — but because he thinks that U.S. interest rates will decline somewhat. He does, however, hedge this prediction, because he is not sure which way the U.S. economy

Referring to the U.S. Federal Reserve Bank, he said, "It's quite clear that the Fed doesn't know either. I think, like everyone else, the Fed is vaiting to see what happens."

Mr. Skorpil believes that the Fed's actions hinge on what economic picture develops. "It is clear that the Fed has become less monetarist over the past year or so than it was between 1978 and 1982. So there's no kneejerk reaction by the Fed to wide swings in the weekly money supply," he said. He thinks that if the economy appears to weaken, the Fed will ease up a little. If the economy continues to grow at a pace of 4 to 6 percent, the Fed will stay neutral. And if the economy seems to be heating up, the Fed will gently apply the brakes.

"If I have to be pinned to a forecast, I would see a continuing modest slowdown in the economy, a decline in interest rates, and a weaker dollar as a result," Mr. Skorpil said. He puts the dollar's value at 225 yen and 2.50 Deutsche marks in June. Other people have been talking about different influences on the dollar's value, especially the U.S. trade and budget deficits. "But of course, these factors were with us a while back," Mr. Skorpil pointed out.

'I really don't want to characterize this as a dramatically weaker dollar, but as an adjustment," he said. He quickly added an important caveat: President Ronald Reagan's conservative policies have been good for the dollar. If a perception developed that a Democrat would win, the dollar would weaken dramatically.

Most Japanese forecasters place the dollar at an average rate of 225 yen to 230 year during fiscal 1984, which begins on April 1. Seiya Nakajima, an economist at C. Itoh, the giant Japanese trading house, disagreed. He predicts a dip in the dollar's value during the second quarter of this year, because of a drop in the U.S. Treasury's cash needs to about \$40 billion from \$52 billion this quarter. And U.S. economic growth will slacken somewhat. Consequently, U.S. interest rates will drop by half a point in

But Mr. Nakajima believes that the dollar will spend most of 1984 in the 230-235 yen range. He listed three reasons. "Interest rates are still the monstrous factor in the determination of the dollar's value against other currencies," he said. Mr. Nakajima thinks that while the Fed may expand the money supply in the short term, it will preserve "monetary discipline"

over the long haul.
Secondly, Mr. Nakajima pointed to the U.S. economy. Lags in some statistics, such as those for housing starts, do not worry him. He is impressed by the strength of private fixed investments, which grew at a rate of more than 20 percent in the fourth quarter of 1983. A Commerce Department survey indicated that business intends to increase fixed investment by 9.3 percent in real terms. "So long as private fixed investment is strong, the recovery will not stall," Mr. Nakajima said.

Mr. Nakajima predicts a U.S. budget deficit in the range of \$180 to \$190 billion. The combination of tight money, healthy growth and a gaping budget deficit will keep U.S. interest rates high, he said. As a result, the dollar will remain strong. Moreover, Japanese life insurance companies remain eager to buy foreign bonds, and the bulk of their purchases are dollar-denominated. Mr. Nakajima maintained that the capital outflow from Japan will offset its current-account surplus.

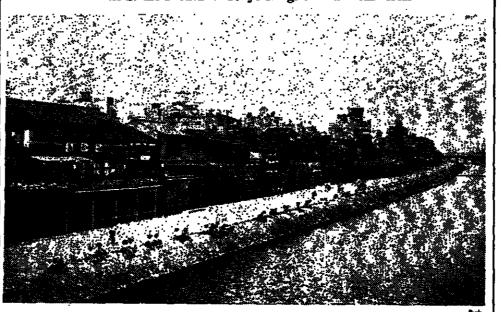
Finally, Mr. Nakajima felt that the international monetary crisis, which is currently in abeyance, may flare up toward the end of the year. Brazil and Mexico cannot keep harsh economic policies forever, he said. A recurrence of debt problems will help boost the dollar.

Experts agree that the yen will appreciate against major currencies, primarily because the Japanese economy is more robust than those in Europe. "Germany has been perceived as relatively weak. The bloom is off the rose," Mr. Skorpil said. "The German people are moving to the left. That makes capital flight almost inevitable. Money doesn't stay in countries of the left. Like it or not, it's a fact of life." There is much more concern about Germany's political stability than there used to be, he

Consequently, there have been some shifts of short-term capital out of Germany, and investment in Germany has declined. The bulk of the money leaving Europe has gone to the United States, but a good portion has headed for Japan. The yen has risen dramatically against European (Continued on Page 16)



The Sanno Festival in Tokyo brings out traditional dress.



Japanese relaxing on the river banks in Kyoto.



The Sunday scene in Tokyo's Harajaku Park.

# **International Lending:** Japanese Banks Show Surprising New Strength

Special to the IHT

TOKYO - Japan as a world leader is a familiar enough theme in industrial and trading circles. But in international banking?

Surely not - not when the top five banks in international bank lending last year were Bank of America, Bankers Trust, Citicorp, Britain's National Westminster Bank and Chase Manhattan Bank. Each lead managed a greater volume of syndicated loans than Japan's specialist foreign-exchange bank, Bank

Japanese houses would seem to be outclassed in the international bond markets as well — an area of business dominated by Credit Suisse First Boston and Deutsche Bank, with Merrill Lynch, S.G. Warburg and Morgan Guaranty following them. The biggest of Japan's big four securities houses, Nomura Securities, ranked no higher than ninth in international bond lead management in 1983.

Yet, to the surprise of everyone except the Japanese banks themselves, when the statistics were published for Euromarket activity during the second half of 1983, Japan's banks were found to have risen to the

top.

The Bank of England collects information on the nonsterling business of banks in London — by far the largest part of Euromarket activity. According to the bank's statistics for the second half of 1983, Japanese banks were found to have 27 percent of the market's assets - ahead of the 22 percent held by the London branches of U.S. banks, or the 20-percent share held by British banks.

The recent scale of Japanese banks' international lending has been confirmed by estimates released by the Japanese Ministry of Finance at the end of last year. On the ministry's reckoning, Japanese banks had extended \$108 billion in overseas loans at mid-1983 a \$16-billion, or 17-percent, increase on the \$92 billion outstanding a year earlier.

The Japanese banks were able to wrest the lead spot from the U.S. banks because they have gone against the trend of international lending. Over the last year, banks in general have been pulling out of syndicated credits as fast as their burned fingers will allow. The international loan market has been shrinking. In 1982 new loans worth some \$150 billion were extended through the Euromarkets, but in 1983 the volume of new lending fell to between \$90 billion and \$100 billion (both years' figures exclude rescheduling fi-nance to countries in arrears or in default). Because the market as a whole was contracting by about onethird, the increased activity of the Japanese banks shot them up to top place.

Other countries' banks have been reducing their and they have also tried to reduce then exposure overseas by cutting back the length of time their funds are at risk. Here, too, Japanese banks have gone against the prevailing banking wisdom. Of the \$16 billion of new loans made by Japanese banks overseas in the year to mid-1983, \$14 billion, or almost 90 percent, was lent for a year or more and only \$2 billion for less than a year.

The Japanese banks' takeover of the syndicated-

loan market went largely unnoticed before the publication of the Bank of England's statistics for two

One is that Japanese banks tend not to figure in the glamorous reaches of the league tables - the rankings of international banks compiled by banking industry newsletters and by the research departments of some of the leading banks. The league tables generally focus on the wheeler-dealers of the Euromarkets — the mandate winners, the lead managers, the syndicators, the agents. But Japanese banks are generally to be

found among the more lowly reaches — the managers. co-managers and participants in international credits. Counting lead managers would give a list of U.S. U.K. and German banks; counting the funds provided would give a more accurate picture of the dominance of Japanese banks.

A second reason is that a substantial portion of Japanese banks' lending is done in yen in Tokyo — a market that is not well covered by overseas analysts. The yen-dominated syndicated-loan market currently provides about \$5 billion worth of new loans a year. equivalent to about one-third of all new lending by panese banks.

Why are the expanding Japanese banks so much out line with their retreating colleagues overseas? It is certainly not because the Japanese banks have found the secret of country risk analysis and, hence, can identify creditworthy customers that other banks would prefer to avoid. On the contrary — the Japanese banks' record in avoiding countries with payment problems is no better than the performance of other countries' banks. Collectively, the Japanese banks have extended about \$30 billion to countries in payment difficulties, an amount that comes to more than a quarter of their total portfolio of overseas loans. They have lent about \$10 billion to Mexico, putting them second only to U.S. banks among the country's creditors. They have about \$7.5 billion out to Brazil, and about \$4 billion each to Venezuela and Argentina. More by luck than good judgment, Japanese banks' exposure to Eastern Europe is relatively low, because Japanese trade links with the area are few and the banks' provision of trade and project finance correspondingly slight.

Rather, the reason the Japanese banks have turned to the international loan market seems to be the relatively poor outlook they face in their domestic market. The international markets offer scope for rapid asset accumulation in the future; the domestic

In the past, Japanese banks were guaranteed a steady demand for funds from Japanese firms. The banks were monopoly suppliers of finance for capital spending and corporate borrowers were not able to generate enough funds internally to pay their own

Neither factor holds true today. Borrowers do not need the banks to the same extent, and there is much greater competition for corporate customers from other financial institutions, such as securities houses and leasing companies, and from overseas markets, Japanese companies can offer commercial paper in the United States, but not in Japan. They can arrange bond issues, convertible or straight, more quickly, more cheaply and more conveniently in Zurich than in Tokyo. As deregulation of financial markets proceeds in Japan, the banks increasingly expect to be net losers much as U.S. banks have been battered by U.S. securities houses during the same process.

For a Japanese bank the choice is simple - export or stagnate. Given that choice, no Japanese company will sit around bemoaning its lot. What was seen in the international loan market in 1983 is just the start of a major expansion by Japanese banks. They have the funds to lend because they have excess deposits, compared to the lukewarm demand for loans within Japan, d they are at a competitive advantage in raising funds through the interbank markets. New-issue pricing for recent Japanese bank issues of floating-rate notes and certificates of deposit shows that the markets — if not the ratings agencies — see the Japanese banks as first-class institutions.

The forthcoming wave of Japanese bank lending (Continued on Page 16)

# New Data Bank Is Aimed at Countering Lending Risks Abroad

Special to the IHT

The men are doing the office work. That may not be a remarkable state of affairs anywhere else, but in Japan it is unheard of for the men to type or file. That is women's work — suitable only for ols, as Japan's office ladies are known. Clad in the company uniform, they make the tea, do the office chores and retire, sometimes compulsorily, on marriage to leave the senior management ladder for the men to climb.

TOKYO - One of the oddest benefits of the wave lives, the center's 60 economists - bright young default. of international debt reschedulings is to be found in an officers seconded from government and the leading Akasaka office, 17 floors over Tokyo's No. 3 commercial banks — have sat in front of keyboards and video terminals and learned to store and retrieve

> The center is an ambitious attempt to upgrade Japan's ability to read the risks of international lending. In the process, the rigid sexual hierarchy of employment has had to bend to the pressure of filing and updating information on 104 countries and on all of the world's major money and capital markets.

owever, things are done differently.

"Everyone here has had to learn to use the data rminals," said Akira Kondoh, director of the centerminals," said Akira Kondoh, director of the cen-

ter's data bank department. For the first time in their shocked to find that the meeting centered on Mexico's standing through the backing of "seconding" institu-

The Japanese bankers were further shocked to find themselves Mexico's second biggest creditors, after U.S. banks, and they came back to Japan determined to find a better way of analyzing country risk.

Their answer was to club together to set up the center. It was sponsored by 50 of the country's top financial institutions — the 13 city banks, the three long-term credit banks, the seven trust banks, eight of the biggest regional banks, 14 of the largest insurance companies, the big four securities firms and the agricultural cooperatives' Norin Chukin bank. The spon-

tions - the Ministry of Finance, the Bank of Japan, the Japan Development Bank, the Export-Import Bank and the small businesses' Shoko Chukin Bank. The center's semi-official status was underlined by the appointments of its two senior officials — as president, Kiichi Watanabe, previously vice minister of finance for international affairs at the Ministry of Finance, and as deputy president Shoji Ochi, formerly an auditor at the Bank of Japan.

Because of its official links, the center expects to have access to the work of other official institutions notably the International Monetary Fund and the World Bank. From April I the center will open an office in Washington to increase its contacts with the fund, the bank, U.S. government agencies and its

(Continued on Page 14)

# Financial Markets: New Moves Toward Internationalization

TOKYO — Bankers here agree that the package designed to further open the Japanese financial markers will not, in and of itself, dramatically alter the linear calculations. Securities industry executives see a good deal of interest on the part of Japanese corporations in swaps.

Tokyo — Bankers here agree that the package shi Corp., the giant trading house, wanted to enter into probably fall short of its considerable potential, at Securities industry executives see a good deal of interest on the part of Japanese corporations in swaps. an important harbinger of and prelude to additional iberalization and internationalization of the Japanese mancial system.

"In terms of the impact on Japanese corporate Mancings at the initial stages, there may be very little; but this is another step toward liberalizing Japanese practice in the domestic market," said Takuma Amano, managing director and head of First Boston's spirit Credit Suisse First Boston's operations in Japan. Of the eight measures announced by the Japanese and U.S. governments at the end of President Ronald seagan's visit to Japan last November, industry offi-And focused on two as having the greatest influence: the granting of permission for Japanese corporations to engage in currency swap transactions and the aboli-tion of the real demand rule for forward foreign techange contracts. The other six consist of promises investigate certain topics (the outcome of these idies remains uncertain) and reforms that are so

minor that they will have a minimal impact. Permission to Japanese companies to participate in chinency swaps will, like most of the other measures, come into effect on April 1. Until now, only Japanese government agencies have been authorized to engage exchange business in Tokyo and that T in account a more important financial center. do interest-rate swaps and gave the nod when Mitsubi-

Securities industry executives see a good deal of interest on the part of Japanese corporations in swaps. "Currency swaps are a new financing technique for Japanese corporations," Mr. Amano said, They will enable Japanese firms to get yen financing at lower costs. "There will certainly be increasing possibilities for Japanese companies to diversify their financing," said Morimasa Yamada, a managing director at No-mura Securities. "Using these swapping techniques, Japanese corporations will be able to have more allow only a small number of Japanese corporations, choices of yen financing. Of course, currency swaps will depend to some extent on whether we can find the

The scrapping of the real demand rule will lead to more foreign-exchange activity, bankers agree. The real demand rule stipulated that forward foreign exchange contracts had to be based on real commercial transactions. Robert Binney, vice president and general manager of Chase Manhattan's Tokyo branch. believes that the abolition of this requirement will give Japanese corporations more flexibility. "I think it provides us with more customers, more transactions, more volume of business and, hopefully, more profit," he said. He forecast that, over the long term, the elimination of this rule will generate more foreignexchange business in Tokyo and that Tokyo will

supranational agencies and certain sovereigns may float Enroyen bonds. In the November communique, the Japanese government promised to allow Japanese corporations and government entities to tap this market. At present, the Ministry of Finance is discussing those with the highest credit ratings, to issue Euroyen

Two sticky issues remain to be resolved: the questions of collateral and withholding tax. With the exception of the issues of the most creditworthy firms, Japanese domestic corporate bonds include mortgages. Overseas offerings by Japanese companies generally come with bank guarantees.

The Ministry of Finance has not yet revealed whether it will require collateral on Euroyen issues. We understand that the Ministry of Finance is caught in the middle between Japanese banks and securities companies," First Boston's Mr. Amano said, Banks seek an extension of the collateral requirement to the Euroyen bond market, but securities companies don't want it. Banks feel strongly about the matter because most of their domestic lending is collateralized. A third item on the list announced last November. The second question involves the imposition of

withholding tax on Euroyen offerings. A promise to study this question was one of the points in the November package. Again, the Ministry of Finance has not formally released an opinion. But industry sources think it is likely that the ministry will insist on the assessment of withholding tax on Japanese Euroyen issues. The ministry's Tax Bureau is adamant about the matter, industry officials said. If the bureau gets its way, Euroyen bonds will lose much of their attractiveness, since Eurobonds ordinarily are not subject to any withholding tax. Consequently, the prospects for the Euroyen market do not appear rosy at the moment. Mr. Amano, however, predicted that a limited number of non-Japanese companies will be allowed to tap the Euroyen bond market within a year.

The outcome of a fifth item on the list, a pledge to look into the establishment of a yen Bankers' Accepsauces market, also remains uncertain. Both the Japanese government and the financial community are divided on this issue. The Bank of Tokyo is pressing for the introduction of a yen Bankers' Acceptances market, but the Bank of Japan and some major banks are opposed, and the Ministry of Finance is

An advisory council to the Ministry of Finance, composed of outside experts, is studying the matter. "So far in the discussions held in that council, there were both pros and cons. I myself hope that they will come up with an encouraging note. But I cannot be too

(Continued on Page 15)



The Tokyo Stock Exchange. Article appears inside.

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### And...

# Teaching Risks of International Lending cate matter to rate overseas counhave to rely on their own acumen to finally enabled him to shelve the

He was unimpressed by the

economic projections."

Until then, Japanese lenders will

tute for International Finance. The counterargument that other official center has attracted 202 members. bodies operate ratings systems, nowhose annual subscrip- tions pay the expenses not covered by the 50 tably the export insurance division sponsors. Half of the members are of the Ministry of International banks. The rest are insurance com-Trade and Industry. panies, large industrial companies, trading houses, stockbrokers and leasing firms. Membership is open to the Japanese offices of foreign that the center will eventually probanks or manufacturers, although they are likely to be put off by the duce confidential ratings for its members along the lines of comanguage barrier. Virtually all of mercial ratings agencies' systems. The center's glossy brochure says that the institute "will not publish a the center's output is in Japanese, since one of the institute's objectives is to provide more analysis of interna- tional affairs in Japanese. final rating, but will provide several ratings based upon different world

gan Guaranty's World Financial Markets each month and is plan-

Q1 Q2 Q3

of 104 countries. Members can call up data from the bank or read the center's country reports and market reports through an on-line com-puter system, the Demos network run by Nippon Telegraph and Telephone. They can also consult a file of newspaper and magazine articles on international finance and have copies faxed to them.

As well as collecting data to enable its members and sponsors to make better country risk judg-ments, the center is also busy studying new ways of measuring country risk and is prepared to give what its staff calls "qualitative" ad-vice on the economic prospects of problematic countries, based on the frequent visits of its staff to overseas countries. In March, for example, Mr. Watanabe had just returned from visits to Manila and Jakarta, and Mr. Ochi from the

Middle East and Algeria. That kind of on-the-spot report-ing is the most valuable part of the center's services to date. A lot of the information in the data bank is humdrum stuff - the sort of mate rial found in any good almanac, useful for some purposes but mar-ginally relevant to most financial decisions. The center will not work as it was designed to do until it starts making use of its overseas missions and its stock of data to come up with creditworthiness

Officially, at least, the center will not make explicit credit ratings of foreign countries. "We do not wish to impose our

judgments on our members, most of whom have their own credit analysis systems," said Eisuke Sa-kakibara, director of the center's general planning and administra-tion department. "And because we are backed by official bodies like the Ministry of Finance and the

Robots weld motorcycles in a Suzuki factory. Learning International Ways at Yamato

By Robert Y. Horiguchi YAMATO — Last April, the International University of Japan opened its doors with a curriculum aimed at teaching future executives how to function in an international arena that has become crucial to Japan's economic ad-

Next month, the university will observe its first anniversary. Until that time, the institution has gone into hibernation, its 158-acre (63.2-hectare) campus smothered under a 10-footdeep (3-meter) blanket of snow, its faculty and most of its students having made a seasonal exodus to less rugged climates during the winter

Located about 100 miles (160 kilometers) northwest of Tokyo, in the rural countryside of Honshu, the main Japanese island, the International University of Japan is unique in many

It is the only institution of its academic level in the country where courses are given in En-glish, not Japanese and is the only school in Japan where a master's degree can be acquired by submitting a thesis in English;

It probably has the smallest student body of any university, with a current enrollment of 57 men and women from 10 different countries. It has been endowed by 800 Japanese businesses that have pledged the equivalent of \$34 million toward its establishment and operation.

To Sohei Nakayama, a leading figure in To-kyo's world of finance who is the chairman of the university's board of trustees, its purpose is "to assist young people who will later assume responsibility in public organizations and private companies in a complex and rapidly changing environment."

"Such young people," he said, "should have sufficient knowledge of international politics, international economics and international management as well as the ability to analyze chal-

To this, Saburo Okita, an economist and a former minister for foreign affairs, who is the admission.

generations must obtain is not a fragmentary study and winning approval of their theses, knowledge of the world but a global perspective graduates are awarded the degree of master of supported by an acute awareness of internation arts in international relations. al communities and the complex relations that

It is such an environment that is provided at Yamato by a complex of elegant glass-andconcrete buildings housing modern facilities for study and recreation. These constitute an investment of about \$23.4 million. The land on which they stand was donated jointly by Niigata Prefecture and the Yamato township, a farming community of 17,000 inhabitants.

Enrolled in the school's first year of operation are 44 Japanese university graduates, 33 of whom are sponsored by the companies that employ them. Their average age is 26. Each of them costs these corporations 800,000 yeu (\$3,400) in tuition fees annually in addition to dormitory charges that run from 70,000 yen to 80,000 yen a month.

The 16 foreign students have come from Africa, Asia and America, having been awarded scholarships by Japanese foundations, service clubs such as the Rotarians, and the university itself. This group includes 10 women but there is only one Japanese female student.

The faculty consists of 31 Japanese and foreign professors and lecturers, in addition to the same number of associate teachers. A large number of these are specialists and outstanding figures in Japan's academic world.

Beginning with a number of basic courses that form the foundation for advanced studies, the university's curriculum consists of courses in international politics, international economics and area studies covering Japan, east and south-

east Asia and the Middle East. Heavy emphasis is put on language studies, and students are required to take more than one language course. Foreign students have to learn Japanese. Proficiency in English is required for

After successfully completing two years of

The school attaches as much importance to exist among them. Such perspectives can be field research as it does to languages. Students cultivated only in an environment where young are required to investigate the social, cultural people from all over the world can study, discuss and political conditions in the country of their particular interest after finding, on their own.

funding sources for such studies. While most of the Japanese students are de-voting the January-to-March winter break to field trips abroad, the foreigners are remaining

at Yamato to undergo four hours a day of intensive study of Japanese so that they will be able to do field research in Japan.

"Our aim is to develop professionals in international relations." Ku Tashiro, the university's secretary-general, said in an interview. "Profes-sionals in the sense that physicians and lawyers

A former senior Japanese government official, Mr. Tashiro spent four years in Rome at the headquarters of the United Nations Food and

Agricultural Organization. "We are planning to enroll this year some 40 Japanese and 20 foreigners. Among the latter will be civil servants and bank employees," he added. "Our ultimate objective is to have a student body evenly divided between Japanese and foreign actionals." and foreign nationals. And we hope to see

eventually some Europeans, sponsored by their governments, coming to study here. "Out of the 16 foreigners now enrolled," he remarked, "the majority having come from Third World countries, have seen snow for the first time in their lives. But their acclimatization process has been smooth. A number of theh ave learned to ski.

The university has launched a program for the "adoption" of foreign students by local families with the double objective of facilitating their field studies through contacts with neighboring communities and at the same time lessening the student's sense of isolation.

The town of Yamato has no recreational facilities and the nearest city with a movie

The center's staff translates Morning to translate articles from the leading international financial

The core of the center's services is its data bank, which holds both statistics and text on the economies

Bank of Japan, it would be a deli-

keep them out of trouble. Based on past experience, that is not enough.

deal. That kind of obstinacy is rare among Japanese bankers. As the Egerness to do more international business tends to override any prickles of doubt over the borrow ers' ability to repay — a fault shared with their colleagues in the

"They have an immediate need for it. We don't," he said. United States and Europe. Unofficially, however, it seems

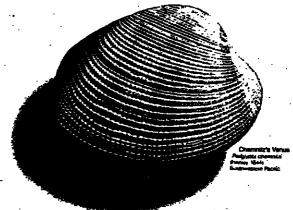
In Japan, the problem is com-pounded by the premium placed on going along with one's fellows. Few Japanese institutions can claim to have spotted debt crises in advance, but fewer still to have done anything about it. At one of the top city banks, a skeptical syndication manager succeeded in dickering over the documentation of a trade credit to the Philippines for most of

hoary Japanese proverb has it, the nail that sticks out gets hammered

Now that the conformists have to explain \$30 billion of bad overseas loans, perhaps more of them will listen to the center's early warning of further troubles to 

"The immediate liquidity problem has improved, but the medium and long-term solvency question is worse," Mr. Sakakibara said. "No fundamental solutions have been offered. What has been done so far is just patchwork, and in the long 1983 until the country's moratori- run that may very well make the um on debt repayments in October solvency problem worse."

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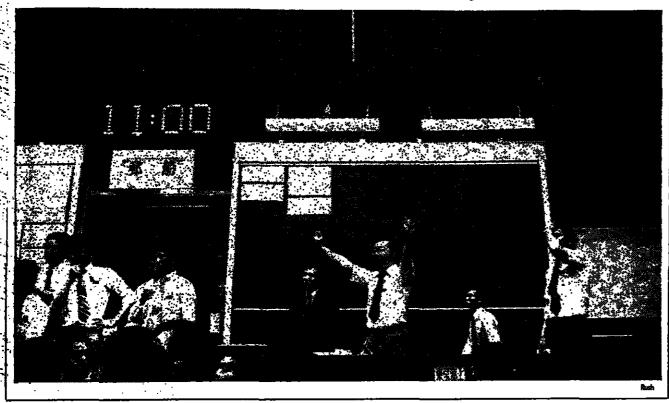
But like the steadfastness of the ocean itself, the company's commitment to service remains. And will, as long as there are oceans to sail.



### **JAPAN**



Trading on the floor of the Tokyo Stock Exchange



# **Upswing in the Stock Market Is Linked** To Continued U.S. Economic Recovery

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> Dow Jones average of 225 shares broke the they were again net sellers for 1.054 trillion year 10,000-yen level for the first time. This rise was worth of stocks. credited by analysts to vigorous purchases of Japanese stocks by foreigners.

predicted at the time that it would break 13,000 yen by the end of the year.

But as the New York Dow Jones industrials average began its slide, taking along with it share prices in London and Zurich, the Tokyo index dipped to fall back below 10,000 yen.

These price declines in other stock markets induced foreign investors to pull out of Japanese stocks. A record of sales over stock purchases by loreigners was set in the week ending February 10, according to the Tokyo Stock Exchange. During that period, foreign investors sold 153.6 billion yen worth of shares, against purchases amounting to 98.6 billion yen, for an unprecedented net sales margin of 54 billion yen.

Foreign investors were net sellers of Japanese stocks by a record margin for the second straight week, ending February 18, according to the Tokyo Stock Exchange. Foreign investors sold 169.2 billion yen worth of stocks and bought 854 billion yen, for an excess of 83.8 **insp**ortation billion yen of sales over purchases.

foreign investors in part to profit taking follow-

ing the recent upsurge. folio investments in that the Japanese economy remains strong. They point out that domestic

They stress that for the coming fiscal year, starting April 1, economists' growth predictions range from 3.8 to 4.7 percent, compared with 3.5

Last year, foreign investors were net buyers of capital appreciation, not dividends, or as part of Ing uneasiness over the prospects for continued Japanese financial institutions, such as insurbling stock prices on Wall Street.

On January 9, the widely followed Nikkei
Japanese financial institutions, such as insurbling to the prospect of a keiretsu, the 16 large industrial and financial groups that dominate the Japanese economy.

According to Tokyo's Dodwell Consultants.

This disenchantment of Japanese individual investors in stocks has become deeper and deep-Prices continued to soar thereafter, sending er as Japanese corporations have failed to raise the index to an all-time high of 10,206 yen dividends to internationally competitive rates in toward the end of January. Optimistic brokers spite of the growth in their earnings. For inspite of the growth in their earnings. For instance, the average rates of return paid by companies listed on the New York Stock Exchange last October was 4.5 percent. In London, it was 5 percent and in Frankfurt 3.8 percent. In To-

kyo, It stood at 1.1 percent. When the Tokyo Stock Exchange reopened its doors after the war in 1949, individuals constituted 70 percent of all investors as the buying of shares came within the reach of the general public as a result of the "democratiza-tion" policies dictated by the Allied Occupation authorities who ordered the break-up of the economic baronies known as the zaibatsu. Today, the proportion of individual investors has

According to the Bank of Japan, corporate stocks at book value represent only 1.7 percent of individual financial assets. In 1952, this ratio was 11.4 percent.

dipped to 28 percent.

Unable to earn a regular income from dividends, individual investors resort to increasing Analysts have attributed this spurt in sales by their capital assets by accumulating stock diviorage investors in part to profit taking following the recent upsurge.

Brokers discount the likelihood that this are also because of the total increase in the part to profit taking following its part to profit taking follo heavy selling portends a decline in foreign port- average for 28 percent of the total increase in capital of listed companies.

Such stock dividends, however, have the efdemand is starting to strengthen, calling for an increased supply of such basic industrial materials as chemicals, steel and synthetic fibers. Capi-lal investment and consumer spending are also picking up.

ation system also encourages this practice by individual investors as capital gains are free of tax, while dividends of up to 100,000 year from any one company are taxed at 20 percent and at the investors' income tax rate after that.

In the same manner, Japanese institutions either hold shares on a long-term basis for

an upbeat mood, the Tokyo Stock Exchange has Japanese shares worth 666.5 billion yen, exceed- their relationship with other companies. The ing the 493.2 billion in net purchases made by latter tendency is strongest among corporations

these groups comprise 920 companies, or about 0.06 percent of all Japanese corporations, excluding banks and insurance companies.

While the antitrust law prohibits a single holding company from controlling or coordinating such a group, it allows the cross-holding of

Cross-holding — total intra-group holdings as a proportion of total group capital — of shares was Mitsui 17.7 percent, Mitsubishi 20.7 percent, Sumitomo 21.4 percent, Fuyo 16.4 percent, Sanwa 13.6 percent and Dai-Ichi Kangyo 14.1 percent as of March 1981.

The core companies of the other 10 keiretsu often hold substantial shares of companies in their respective groups. For instance, Hitachi Ltd. holds 46.3 percent of the shares of the companies in its group, while Matsushita Elec-trical holds 44.2 percent. Besides, members of one keiretsu frequently hold shares in companies belonging to another keirersu. The Nippon Life Insurance Co., a member of the Sanwa group, is the biggest shareholder, at 3.8-percent, in Hitachi Ltd., the nucleus of the Hitachi

These institutional shareholders seldom trade their shares. However, because turnover in each stock must reach a minimum figure each year to maintain its listing on the exchange, they swap their portfolios back and forth to swell the

Thus, with both individual and institutional investors refraining from active trading, the market for many shares on the Tokyo Stock Exchange is very thin; giving it high volatility. This feature is often cited as a reason for cantion by foreign investors as the market is difficult to analyze and, at times, to understand, especially since financial information on many Japanese companies is hard to get.

- ROBERT Y. HORIGUCHI

# Financial Markets: Internationalization

-- ( ) ( ) - <u>-- -- -- -</u>

(Continued From Page 13) definite at this moment," said Toyoo Gyohten, deputy directorgeneral of the Banking Bureau at the ministry.

Mr. Binney sees little demand or need for a yen Bankers' Acceptances market. Dollar acceptances are effective and offer great depth and liquidity. Hiroshi Ofuji, a managing director of Daiwa Bank, agreed. "It's not required," he said. But he predicted that the government will grant its approval, al-though it may take time. Sachio Kohjima, deputy general manager of the international investment di-vision at the Bank of Tokyo and a leading advocate of a yen Bankers' Acceptances market, believes that it will get the green light by the end of the year. The matter depends to some degree on how strongly the United States presses for it, Mr.

The fifth item on the list, a promise to raise the ceilings on the issue of certificates of deposits by for-eign banks, pleases foreign bankers. They are less enthusiastic about the reduction in the minimum size of a CD, from 500 million yen to 300 million yen, which took effect on Jan. I. Mr. Binney thinks that it would have to be reduced further, to 100 million yen, to have mnch effect.

The Japanese government will end the legal limits on foreign shareholdings (set at 25 or 50 per-cent, depending on the company) in 11 designated companies, most of which are in the oil and mining fields. Mr. Binney, however, pre-dicted that the Japanese authorities will continue to prevent foreigners, through administrative guidance, from taking a majority stake in these firms, and he is sympathetic to that stance. He pointed out that the U.S. government would not allow overseas investors to acquire a controlling interest in AT&T or a defense contractor.

Finally, the Japanese pledged to introduce a bill in the Diet to allow the government to issue bonds abroad. Mr. Binney doubts that the government will float bonds overseas after it gets permission. Japan can finance its huge public-sector deficit at home. Interest rates are higher in foreign markets, except in Switzerland, and there is always

Some public corporations, with the Japan Development Bank going first, will tap the Yankee bond market in New York this year. Industry sources question whether these issues, of around \$100 million each, will achieve the desired result of pushing up the yen. "It may have an effect on public relations. It will

show that the Japanese government is serious about having a more realistic exchange rate. But in reality it will not have the intended impact, through the issue of \$100 million, a small trickle," Nomura's Mr. Ya-

Bankers and government offi-cials agree that the authorities will continue to open up the markets. They emphasize, however, that the pace of liberalization will remain slow and deliberate. "I am of the opinion that liberalization moves will continue to appear over the next year or so. But it will not come all of a sudden on April 1." Mr. Yamada said. "Once you have started on the road to liberalization, it is difficult to turn back, unless the parties concerned find adverse effects from the liberaliza-

Mr. Gyohten of the Ministry of

Finance sees four areas of financial deregulation: expanding the use of yen in international markets, freeme interest rates, decembating the operations of various uniqueness stitutions and deregulating the opoperations of various financial ineration of financial markets. think progress will be continued in all these areas," he said. "I think it is important to try to maintain progress in all these areas. I think one problem of deregulation in the United States is that there was too rapid deregulation of interest rates without progress in other areas. I would like to see the elimination of think if you ask American bankers.

tion in these areas. All these things had better move hand in hand."

"Our broad strategy is to introduce free-market interest-rate commodities; we try to expand the area in which the free market would prevail," Mr. Gyohten continued. A gradual removal of the restrictions on the interest rates paid on deposits will come last. Mr. Gyobten could not predict when that will

While most financial institutions

agree that further liberalization is desirable, they are divided as to how far it should go. At one end, the seven trust banks, which specialize in long-term lending and pension fund management, oppose most changes. They benefit from the current interest-rate structure. and they will suffer greatly if they lose their near-monopoly of the pension management business. Life insurance companies are the only other institutions with the right to manage pension funds, and they are gaining market share. The three long-term credit banks, which enjoy fixed and ample returns from the long-term prime-rate system,

are also conservative. At the other extreme, securities companies and foreign financial institutions are pressing for sweeping changes that would greatly free up the system. Nomura's Mr. Yamada "any items restricting the total flexthey will tell you they wish there ibility of the Japanese market,"

such as limits on maturities of and interest rates paid on bonds, and collateral requirements for them. He pointed out that foreign bond issues accounted for half of total fund-raising by Japanese corporations last year. "The natural question is why so many Japanese corporations are going outside Japan. when they have such a huge domestic capital market; the short answer is that the Japanese capital market s behind international practices,"

Mr. Yamada said. Mr. Ofuji of Daiwa Bank agrees that "liberalization of the financial market in Japan is the inevitable direction," but he quickly noted that the financial system is very complex. "A kind of order in the financial market is necessary."

A thorny question is how deregulation will affect some of the weak er participants in Japan's financial markets. The Ministry of Finance has traditionally exercised great care to protect vulnerable financial some institutions will suffer from greater competition. "Some will be hurt, there is no doubt about it. We have to be prepared to avoid disorderly conditions from deregulation that is too rapid," he said. If certain financial institutions do not adjust well to liberalizaton, "they may face the danger of becoming extinct," Mr. Yamada of Nomura

--- JAMES S. ALTSCHUL





Toronto, Sahram, New York, Los Angeles London, Amsterdam, Frankturi, Geneva,

Zunch, Hong Kong, Singapore



TOKYO — U.S. institutional portfolio managers are gradually making their influence felt on the Tokyo Stock Exchange, where they are credited with having contributed substantially to the 18-percent increase in foreign investment in Japanese stocks to \$3 billion last year.

In the view of Japanese analysts, U.S. pension and trust funds are changing the overall pattern of foreign portfolio investment by shumning bigname stocks in favor of issues by smaller, lessknown companies that show a high performance. Up to now, foreigners have tended to focus their purchases on stocks of manufacturers of electrical and optical goods, whose brands are known worldwide, rather than on utility and beavy-industry issues.

the 10 stocks held in largest quantities by for-eigners. It showed that 25.2 percent of the total proportion was 19.4 percent, for Nippon Electric 18.3 percent and for Matsushita Electrical, sidiaries and, thus, increased the price-earnings the giant household appliance maker, 16.9 per-ratio. cent. In contrast, this ratio was 7.3 percent for In spite of their increased visibility on the

Nippon Steel and a minimal 2.7 percent for Tokyo market, U.S. investors are still far from

Tokyo Gas.
While these blue-chip issues have, on the whole, performed well over the years, they have lacked the luster that some high-technology that makes industrial robots, for which stock appreciated 196 percent last year, and those of Nippon Tsushin Kogyo, a manufacturer of computerized telephone systems, which jumped

226 percent in 1983. cheap. The price-earnings ratio of major issues stood at 23.8 percent, against 10.3 percent in London, 12.3 percent in New York and 14.6 percent in Frankfurt, as of October last year. However, this ratio is expected to be reduced

new law goes into effect in April. Under this statute, companies will be required to report all their subsidiary earnings, not only the consolishares issued by Canon, the camera and office-equipment manufacturer, was in foreign hands. In the case of Fujitsu, the electronics firm, this

being the largest buyers of Japanese stocks, according to Walter J. Burkett, general manager here for Merrill Lynch International.

Although the flow of petrodollars has dwinstocks displayed last year. Among such issues, dled because of the current oil glut, Middle East brokers cite those of Fanue, a Fujitsu subsidiary investors continued to lead the foreign contindled because of the current oil glut, Middle East gent last year, he said. Europeans ranked sec-ond, followed by Southeast Asians, mostly based in Hong Kong, and then U.S. investors.

Brokers, however, foresee that the interest of U.S. institutional investors in Japanese stocks At current levels, Japanese stocks are not will continue to grow. They attribute this to hear. The price-earnings ratio of major issues three factors — the availability on the Tokyo market of a substantial number of attractive investment vehicles; a dynamic stock market that is steadily moving upward. The market value of shares traded in the first, major section The leading Japanese financial daily. Nihon

However, this ratio is expected to be reduced value of shares traded in the first, major section by about 20 percent for Japanese shares when a of the Tokyo Stock Exchange has tripled in 10 by about 20 percent in April Under this years, from 36.5 trillion yen (\$15.7 billion) at the close of 1973 to 119.5 trillion yen (\$51.2 billion) at the end of 1983, and the possibility of profiting on exchange fluctuations. By buying Japanese stock when the dollar is strong investors from the United States stand to gain if the dollar weakens because when they sell their shares their dollar return will be higher.

— ROBERT Y. HORIGUCHI

# Golf Goes Beyond Boom, Is Fixture of National Sports Life

TOKYO --- Although golf has become one of Japan's most popular pastimes, the Japanese have only recently allowed themselves to overcome the cultural barrier that prevented them from accepting one of the most basic principles of this sport since it was intro-

duced from the West early in this century. By Western definition, a golf handicap reflects a player's ability, moving up when his game is good and down when it deteriorates as indicated by the score cards he turns in.

Japanese tend to liken golf handicaps to grades in judo, Japanese chess and other traditional sports. They move up but never down. There are medals awarded for a player's performance when his game is at its peak. This is important in a group-oriented society where the individual finds his niche in terms of the position, or rank, he holds in his particular group. The prestige attached to rank remains with him for

This made it necessary for the Japan Golf Association to reduce all handicaps across the board every so many years to keep them reasonably approximate to ability and stay in line with the rest of the golfing

world. But things have begun to change. The first move came in 1981 when the Kanto (central Japan) Golf

Association introduced a uniform handicapping sys-tem and required affiliated golf clubs to have their members submit all their scores, good and bad. Until then, golf clubs devised their own rules that allowed members to save face by presenting only their best

The rub is, however, that because only golf clubs can belong to golf associations, the vast majority of Japanese golfers who cannot afford club memberships

Japan's golfing population today is estimated at 12 million. There are about 1,700 golf courses throughout the country but only about 100 of them are public. This means that only two out of every 10 own golf club

memberships — and handicaps.

Until the 1950s, golf in Japan was a sport for the rich. The boom began in 1957 when, to everyone's surprise, Torakichi Nakamura and Koichi Ono won the team trophy and Nakamura the individual title for Japan against top international competition in the Canada Cup (now the World Cup) played at the Kasumigaseki Country Club near Tokyo.

The pair became national heroes. Suddenly everyone, it seemed, wanted to swing a club. Developers began building golf courses all over Japan. Driving ranges sprang up in every neighborhood. Sales of golf equipment began to soar. Japan today is the world's

largest market for golf equipment after the United States and, some say, may even overtake the United States judging from the intensity with which Japanese

Golf in Japan has long since passed the boom stage. It has become a solidly established fixture of Japanese life that has taken in everyone from company presidents to housewives, bureaucrats to trades

Neither has the exorbitant cost of playing the game dampened Japanese enthusiasm. Any accessible golf course - and a two-hour one-way drive is considered accessible — is packed every day of the week. Starting times are spaced every six minutes with train-schedule precision. Reservations must be made up to a month advance. Most golf courses make their money off visitors' green fees, which range from around 8,000 yen (\$34) on weekdays to 25,000 yen (\$106) on weekends and holidays. Thus even at the cheaper courses a day's golf — green fee plus caddy fee (since most courses do not have carts), lunch and tax — is something the average wage earner can afford only once a month at most.

Faced with a major loss of income as a result of recent snow, several golf courses near Tokyo have sprinkled heat-absorbing sand on their fairways to help the snow melt, or mobilized their staffs to shovel For although his green fee is nominal (usually 500 year —52.10), the cost of a membership can run anywhere up to 40 million yen (\$170,000), sometimes more.

Club memberships can be purchased for as low as 500,000 yen (\$2.136), but such courses are usually so far away they require an overnight stay or have so trouble getting a starting time. For the urban golfer

who wants to enjoy his game, anything less than 10 million yen (\$42,700) is not recommended.

In addition to individual memberships there are corporate memberships, for many companies non prefer to entertain their clients over 18 holes rather than at nightclubs or goisha parties.

A visiting foreign businessman is more than likely to be invited by his hosts to one of the more prestigious golf clubs. Around Tokyo, these would include Kasumigaseki, Sagami and Hodogaya, all preway courses where memberships are passed only from father to son, and the Three Hundred Club, Totsuka Ausashi or Sagamihara whose rosters are restricted to the famous and affluent.

Tourists looking for a round are out of luck unless they can find a club member to accompany them. The public courses are too few and too crowded to be

# Satellite Launching: Rapid Expansion of Direct Television Broadcasting Expected

By Mark Schreiber

TOKYO - With the launching of the Yuri 2a on Jan. 23, Japan's National Space Development Agency and NHK (the Japan Broadcasting Corporation) have set the stage for the country's first practical satellite TV broadcast From a stationary orbit over

Borneo at an altitude of 22,000 miles (35,200 kilometers), the Yuri scheduled to begin in May, will be aimed not toward gigantic relay stations but directly at the homes of individual viewers.

The new satellite also packs the

TV. facsimile and still-picture a cylindrical device with a bell flare

By the time the first broadcasts begin, only a few hundred households are likely to have the equip-ment necessary to receive signals. However, at least a dozen major electronics manufacturers have alyears — a growth comparable to beside the owner's television. black-and-white sets when television was introduced here in the

early 1950s.

tions fields, such as digitally-re-corded FM radio, high-resolution or tripod. About 27.2 inches ( 69 centimeters) away is the converter, somewhat resembling the klaxon horns on vintage automobiles --which points at the antenna's cen-

ter. The antenna/converter assembly, made of weather-resistant materials treated against rain, wind and snow, is set up in the owner's ready announced plans to market the product by this spring, and industry estimates predict as many as mals picked up by the converter are 2a's TV broadcasts, which are 2 million users within the first five transmitted by cable to a tuner unit

By using the tuner, satellite ons can be viewed on existing TV sets. A complete antenna, A so-called "BS" (for broadcast converter and TV tuner system will satellite) antenna resembles a large be sold to consumers for slightly dish mounted vertically on a mast more than \$1,000, with separate

antenna is not limited to one household; it can also be installed to service multiple users, such as apartment dwellers or close neigh-

Since the antenna must be aimed at the orbiting satellite, adjustment of orientation is much more critical than conventional TV antennas. The further south the user lives, the greater the angle above the horizon becomes. Thus, in Japan the setting will vary from a low of about 29.1 degrees from the horizon in the country's extreme north to nearly 60 degrees in the south. In Tokvo. the correct angle of adjustment is 38 degrees, considered enough in most cases to peek over hills or the

tops of adjacent buildings. Signals

charges for installation. A single from the satellite reach the viewer Tokyo and Osaka in 1952 and sub- NHK's Technical Research Lab- on the development of a new second.

The satellite's signals become the center of the broadcast area in this case Tokyo and central Jamajor urban areas, where an antenna as small as 23.3 inches in diameter is said to be sufficient, users the southern part of the Ryukyu living at Japan's northern and island chain and the Ogasawara southernmost extremes will require antennas of at least twice that size.

The main coordinator behind the Yuri 2a project is NHK, which will control both of the satellite's two TV broadcast channels, one for general and the other for educational programs.

NHK began its TV service in

after a delay of just one-quarter sequently expanded to its present nationwide network. However, it is we foresee for this system is emerestimated that there are still some progressively weaker away from 420,000 households — a little more than I percent of Japan's total television audience - living in areas pan. Thus, unlike viewers in the too remote to receive TV signals. These residents of rural Hokkaido, the Japan Alps in central Honshu,

> (Bonin) islands — including Iwo Jima — will be among the first to enjoy the immediate benefits of satellite broadcasts. "Besides services to remote areas, there are many other uses be-

ing planned for the satellite broadng," said Fuminori Shiga, an

oratories. "Another important use broadcast standard to replace the gency transmission capability. NHK's main transmitter is in Tokyo, with a backup in Osaka. There's always the concern that some disaster such as a major earthquake could conceivably knock out the entire country's TV coverage. A satellite system can obviously remedy this weak point."

While programming has not yet been announced by NHK, no surprises are expected

begin along the lines of existing TV media, its impact will extend into many new areas. One example is missions and other types of medi-"high-definition television." NHK services are included in the long assistant general manager at has been at work for several years range plans for the Yuri 2a.

current NTSC color format. Employing 1,125 scanning lines on the TV screen — 16 TV screen — as opposed to only 525 for NTSC — this system is capable of providing a much clear-

Another service being planned for the future is "super FM" radio. Using digital PCM (pulse code modulation) encoding, satellites will be able to relay high fidelin stereo broadcasts superior to any existing form of FM, and with the While satellite broadcasts will added bonus of coverage of the entire country from only one sation. Still images, facsimile trans missions and other types of media

# International Lending: Japan Makes a Good Showing

(Continued From Page 13) will have three effects on the markets. First, spreads will be put under pressure. The return a bank tional loans down. This is already gets from making an international the case in the yen loan market. In loan has not risen over the last year, late 1983 Japan's Ministry of Fias an armchair theorist might have nance, which has the final say over predicted from the number of res- the terms and conditions in the yen

to lend to those remaining coun-

banks, flush with funds and keen to lend, will push spreads on internachedulings. In theory, higher risk market, agreed to lower spreads — calls for higher return. In practice, a concession to the cutthroat combanks have fallen over themselves atrium of the IMF's head office. charge a spread over the Japanese

The arrival of the Japanese long-term prime rate but it agreed to waive the requirement, and two borrowers - the World Bank and the Inter-American Development Bank - have been able to raise yen funds at prime rate.

nese participation will be greater fee income for Japanese banks. With greater market clout, Japapetition for yen loan mandates be-nese banks will be lead managers tween the Japanese banks. The more often and subordinate mantries that are not yet camped in the ministry used to require banks to agers or mere participants less of-

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# U.S. Election, High Interest Rates Bolster Yen Value

(Continued From Page 13)

currencies, and experts anticipate further, although more modest, gains. Mr. Nakajima thinks the mark will drop to 78 or 79 yen. Mr. Gray sees the rate tending toward

Mr. Gray also believes that the yen will advance against the Swiss franc, both because the Swiss augood deal of Swiss capital, in the yen is very stable at the moment. companies to manage foreign exform of Japanese Swiss-franc bond Things that overhang the European change more actively.

issues, is flowing to Japan. In most currencies tend not to have an inmonths. Japanese entities float between 200 million and 250 million Swiss francs' worth of bonds in Switzerland. Nor is the pound poised for a jump. Sterling still ooks high to me against some Eu-

ropean currencies," Mr. Gray said. He emphasized the yen's great steadiness at present. "It's not even thorities do not want the franc to a very interesting subject at the exchange trading. Mr. Gray said rise against the mark and because a moment for traders," he said. "The that the rule changes will allow

pact on the ven."

Mr. Gray does not think that the recent moves to liberalize Japanese financial markets somewhat, notably the abolition of the rule that barred parties from entering into forward contracts unless there was an underlying contract, will have only a limited impact on foreign

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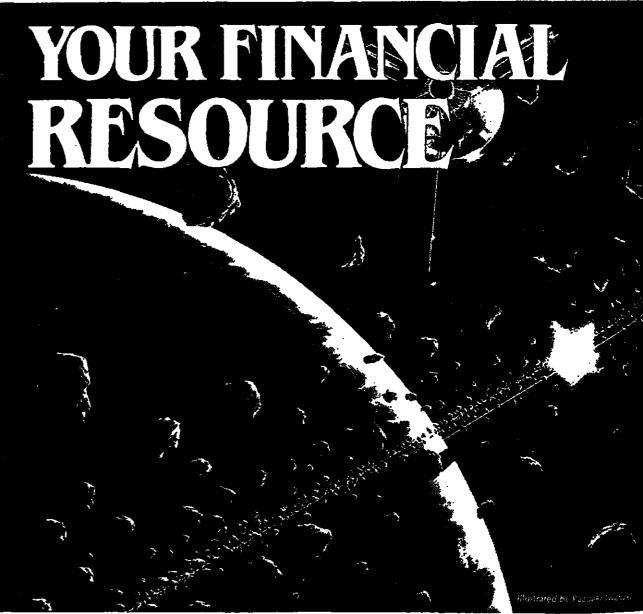
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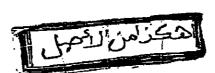


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### THE NIKKO PERSPECTIVE

# Motivates International Portfolio Diversification

Carl H. Tiedemann, General partner of Tiedemann/Karlen Partners and adviser to The Nikko Securities Co. International, Inc. Mr. Tiedemann is the former president of Donaldson, Lufkin & Jenrette, Inc. and a former governor of the American Stock Exchange.

ONE THING that U.S., Japanese and many European companies have in common is a growing base of pension assets that must be prudently managed. Where these companies differ is in how rapidly pension fund managers have diversified their portfolios internationally. From the Japanese perspective, the Europeans were the first to enter the Japanese securities market. And until recently, European money managers have almost monopolized—at an estimated 85 percent—the flow of institutional funds from Europe, the Middle East and even North America into Japanese equities. Last year alone, net purchases of Japanese equities by nonresidents amounted to approximately US\$4.4 billion.

The noteworthy trend during 1983. however, was the growing interest of American pension funds and other institutions in the Japanese stock market. The consensus seems to be that this trend should persist. What is your analysis of recent developments?

Tiedemann: As you imply, the dramatic growth of pension funds in both the United States and Japan has created an environment where money managers have been increasingly looking outside their national borders for investment opportunities. For many years the financial community has talked about investing globally and internationalizing markets. I believe that at long last it may now become a reality. U.S. investors have certainly learned that there have been many times when U.S. markets have been bad for an extended period, while other markets have been performing well.

THOSE of us who have closely observed the Japanese economy tend to ask "why now?" after the Japanese economy seems to have passed its period of peak growth. What do you think American and other international institutions see in the Japanese stock market?

Tiedemann: There are probably many investors who wish they had found the Japanese market several years ago. If they had, they certainly could have materially improved their performance.

In my judgment, the situation has not really changed all that much. The performance of the Japanese economy in recent years, measured in terms of real rates of growth, the ability to control inflation and other economic fundamentals, has compared very favorably to other economies. The only people seemingly still dissatisfied with the rates of Japan's economic expansion—the highest among the industrialized nations—are my Japanese friends.

My reading is that the flow of American pension funds into Japanese equities first and foremost indicates confidence in the Japanese economy and its prospects for growth. I think that investors are also pleased by the strengths of Japanese

companies, both the quality of management and the quality of earnings. Another factor is the liquidity of the stock market in Japan. With total capitalization of the market at over US\$500 billion—the second largest of any equities market in the world—and daily trading volume recently averaging US\$800 million, the Japanese market certainly has the liquidity that institutions require.

My own assessment of the situation is that investors are also taking a look at the region as a whole. Many analysts agree that Asia has some of the best growth prospects. Within the region, Japan is best positioned to act as a leader.



MUCH of what you have just said seems to have been equally true 10 years ago. In the meantime, of course, we have seen the yen emerge as a currency of settlement and even as a reserve currency. but have there been any other structural factors that have facilitated the growth of interest in Japanese equities?

Tiedemann: From the position of an American money manager, I think the situation has changed significantly. A decade ago the Japanese stock market was substantially smaller than the U.S. market. Many managers obviously thought it was too small. Another factor that has changed is the quality of research and the quantity of industry statistics available on Japanese companies. The companies themselves are doing a much better job of communicating with investors, including conforming with SEC-type financial reporting requirements. The firms providing investment research are also doing a better job of covering the Japanese market.

In this connection, we might also look back on the passage of ERISA almost 10 years ago. The impact of this legislation was to make investors fear they would be violating their fiduciary responsibilities or not living up to the "prudent man rule." The result was that many investors passed over the opportunities in the Japanese market. Now, with much better information, many managers feel more confident that they can make prudent investments in Japan. I for one think that the timing is ripe for further internationalization of stock markets worldwide, and I expect to see more money flowing into Japan.

OBVIOUSLY the internationalization of securities markets is a multifaceted theme. You mentioned that better information is now available on Japanese companies compared with a decade ago. Back in 1974, the number of Japanese companies that had issued securities in international markets barely exceeded 30, but now the number is approaching 300. Of the 1,441 companies listed on the Tokyo Stock Exchange, foreign investors hold over 10 percent of the shares of approximately 300 companies. In total, nonresident investors hold 5 percent of all shares outstanding a significant figure considering the size of the float for many companies. A few managers are even pleasantly surprised that international investors have taken such a liking to shares of their company.

How does this situation compare with the United States, and do you feel that American firms are looking to raise capital internationally?

**Tiedemann:** To respond to your last point first, I feel that most managers are encouraged that foreign investors have become large holders of their securities.

With Japan as the case in point, one can cite the growing interest of Japanese institutions-and even individuals-in American equities. These investors are also diversifying, and the securities industry is encouraging this growth. Nikko Securities and two other Japanese brokers are already members of the New York Stock Exchange. We have also recently seen a number of discussions between Japanese brokers and U.S. commercial banks regarding the establishment of joint venture trust companies. One obvious purpose is to interest more Japanese institutions in investing in the United States.

At the same time, U.S. securities firms have opened branches in Tokyo, many of them within the past two years, and several of their representative offices have applied for branch status. Their European counterparts have two branches and over 40 representative offices in Tokyo.

WHAT are your views on U.S. and other companies tapping the Japanese capital market?

Tiedemann: As background, let me say that an increasing number of American financial officers have developed a sophisticated understanding of international financial markets. They have put this understanding to work in financing inventories and expanding operations by tapping foreign markets at the most opportune moments. In addition, many corporate financial officers who oversee extensive foreign activities will use a number of currency hedging devices to reduce the risk of major currency fluctuations. There are still, however, a number of large corporations that have not taken the time or given the effort to developing the skills needed to take advantage of markets outside the United States. That includes

The Japanese market, however, does have a number of special features. Only a handful of foreign companies are listed on the Tokyo Stock Exchange, and the number has declined from a peak of 17 as recently as

1977 to only 11 companies at present. Listing regulations and costs are certainly a consideration but so is the level of interest among Japanese institutions. I expect this level to rise as fund managers increase the percentage of non-Japanese equities in their portfolios.

The market for debt securities is more of a regulatory issue. Although many firms would like to gain access to the Japanese bond market, the emphasis on collateral and other rather unusual regulations have discouraged them. It is in the interest of Japan to further open the bond market, and I am pleased there are signs of a move in this direction.

RECENTLY it has been hard to speak about corporate finance without broaching the subject of venture capital. This a hot topic in Japan as well as in the United States. In the early 1970s, Japan experienced its first wave of venture capital as many securities companies and banks rushed to set up venture capital arms. Most of these were financing second- and third-phase companies rather than start-up situations. Then the oil crisis occurred, and the topic faded.

Now there is another wave of interest in venture capital, and the number of venture capital operations has more than doubled over the past two years. A growing volume of offshore funds is finding its way to new partnerships. The obvious attractions are the ability that Japanese companies have demonstrated in the high-technology field and the basic vitality of the Japanese economy.

The structural factors encouraging the recent boom in venture capital include the reduction of requirements for overthe-counter trading and the relaxing of what have been comparatively stringent listing requirements on the major exchanges. How does this situation in Japan compare with the United States?

Tiedemann: With the reduction of the rate of capital gains tax in the United States. interest in venture capital has increased dramatically. Over the last two years, several billion dollars have been raised by different professional groups to be used as venture capital—more than was outstanding just a decade ago.

It is an exciting, healthy trend for the United States to have such a large pool of capital available for entrepreneurs who wish to start new businesses. One risk is that there has been too much capital raised for the number of good new investment opportunities available, thereby reducing the rate of return to investors in the future. At this point, I think I would rather be the entrepreneur than the investor.

In my judgment, there should be the same venture capital opportunities in Japan as there are in the United States. In fact, I am optimistic about the Asian region as a whole. Venture capital is a relatively simple financing technique compared with the cumbersome mechanisms found in many developing nations. Looking at Japan alone, I think the real opportunities lie in the field of high technology.

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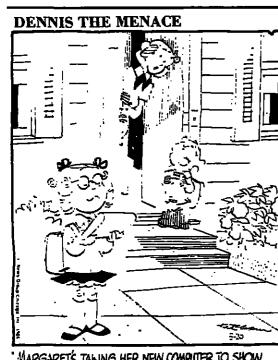
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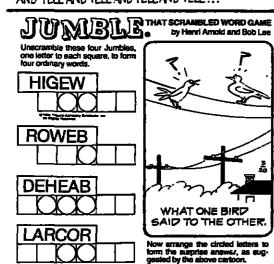
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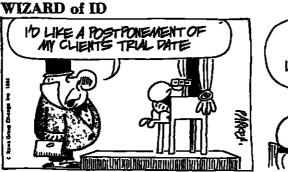












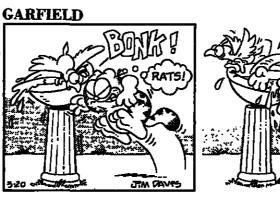


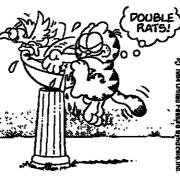














# **BOOKS**

### FLOODGATE

By Alistair MacLean, 369 pp. \$15.95. Doubleday, 245 Park Ave., New York, N.Y. 10167.

Reviewed by Joseph McLellan

TT IS almost impossible to read the latest opus by the prolific Alistair MacLean with-out thinking of the best-known lines of Wil-liam Butler Yeats's "The Second Coming": the passage beginning. "Things fall apart; the centre cannot hold."

Things fall apart spectacularly in "Flood-gate," and mere anarchy is most assuredly loosed upon the world. But the most spectacular thing in the book is its blood-dimmed tides. The story is set in and around Amsterdam. where Schiphol Airport is flooded by terrorists in the opening pages — converted into "Lake Schiphol." This is a prelude to a threat against the Netherlands, a nation specially vulnerable to terrorists who are willing to bomb a few strategically chosen dikes and dams.

The Haringvliet dam, for example: "the valve or the sluice gate of Holland," which holds back the North Sea. "The flooding, the damage and the deaths that would inevitably result from the destruction of the sluice gate of Holland were incalculable," MacLean ob-serves, and he makes it easy to believe.

Harmgyliet is the ultimate target of terrorists in "Floodgate," but it comes as the climax of a series of bomb threats (and occasional combings) that begin at the airport and include a physically harmless but psychologically devastating explosion deep in the cellars of the royal palace. For the palace, where they were interested chiefly in emotional impact, the terrorists of the FFF (Fighters for Freedom) were satisfied with a small charge of conventional explosives. For Haringvliet, they need and obtain tactical nuclear weapons. The scenario has a chilling air of reality. Reading MacLean's dry, factual pages, one has no skepticism about the problem, though one may be less convinced by his solutions.

At the center of "Floodgate" is the "unremarkable figure" of Lieutenant Peter Van Effen, the senior detective in the Amsterdam police force, "an explosives expert and, for his

sins, the head of the city's bomb-disposal' squad." Van Effen is also a master of disguise. and an expert on the Krakers, the colorful Amsterdam underworld where crime and counterculture mingle in a conglomeration that includes drug pushers and gunrunners, 25 well as disenchanted youth, anti-everything students, flower men, hippies and squatters.

Van Effen has a variety of informants in this demimonde, including two detectives, and his skill at disguise allows him to move through this world undetected, more or less at will.

The book is most effective in its earliest the book is made elective in its cartiest sections, where it explores the possibilities of terrorism in an open, easygoing and vulnerable society. The FFF is much more imposing while it remains an enigma, a source of threatening messages and disastrons explosions, precisely predicted and eleverly calculated to make a strong impression while minimizing human casualties. Its impact is a bit reduced as Van Effen and his colleagues begin to penetrate the FFF and discover its weaknesses. What Mac Lean has done, really, is to mingle the two genres of police — procedural and action — suspense novel, which usually have somewhat different plot requirements.

In the last few chapters, building up to the prospect of a nuclear explosion that can send floodwaters racing across the Dutch landscape the vision embodied in this novel has epic dimensions, but MacLean spares his readers the ultimate degrees of terror.

By that time. Van Effen and his colleague, have the situation well in hand; they have outsmarted the terrorists (who turn out to be a rather ineffectual group except at staging me dia events), and the reader knows that the nuclear missiles poised to turn Holland into sea have been neutralized, the hostages are safe though still held by the terrorists, and the outcome is not really in question. It is not so much that the book lacks a climactic structure but that many pages remain after the clime has been reached.

These pages are worth reading for their as tailed working out of an intricate plot, but the would have been more exciting if the hard would have been more exciting if the hero has been a shade less effective.

Joseph McLellan is on the staff of The Wash

# **CHESS**

By Robert Byrne

NOWADAYS the slim-mest, most delicate of pre-After 17 B-N2 it was diffi texts can be found to prompt a sacrifice of the exchange.

Formerly the offer of a rook R2 followed by . . . Nation of pawn weaknesses that best try.

could be exploited by powerful.

Lehmann should not have

concrete advantage. It can oc- nor piece play after 9 NxP. cur in the absence of any immerior mobility.

This is how it was employed by Edmar Mednis, a Queens grandmaster, in his game with

Mednis could have transposed into a King's Indian Defense with 7 P-Q4 but chose to folow queen's flank strategy with 7 P-Q3 and 10 P-QN4.

In place of 14 R-K1 (to preserve the king bishop by 14 . . . B-R6: 15 B-KR1) Mednis had a new idea with 14 M-Q21? — to give up the exchange with 24 RxN.

N-Q2!? — to give up the ex-change for a pawn with 14 . . . B-R6; 15 BxP!?, BxR; 26 R-R!!, Q-B1; 27 Q-R3, 16 QxB. The white minor pieces could develop good play

in this congested position, whereas Black would not have After 17 B-N2, it was diffi-

cult to suggest a proper strategy for Black. Maybe 17 . . . Nfor a minor piece demanded N4, ... N-K3 and ... Pgross credentials such as the KB4, keeping the queenside disruption of a castled position pawns in place to avoid weakfor a mating attack of the cre-nesses, might have been the

direct initiative. It was a strata-gem for winning a game.

Now, however, the exchange sacrifice is sometimes used as a 18 . . . PxP. but this would preparation for gaining future only have enhanced White's mi-

He probably could not have diate target of attack in the held firm in the center with 18 QxN, R-B8ch; 33 B-BI, R-B2 enemy position for the sake of something as nebulous as supe
R/1-R1 because 19 Q34 Q-R8ch. Of course, his alter native, 31 BxP, NxB; 32 P-N/ on great pressure. The trouble,

18 . P-Q5, was that 19 about the outcome.

N/3-K4, NxN; 20 NxN gave After 37 R-N8, Black had k master rienz Leiniania in the move interest in the white queen 37 ... N-R2; 38 Q-N7. La bishop was not hampered but mann gave up.

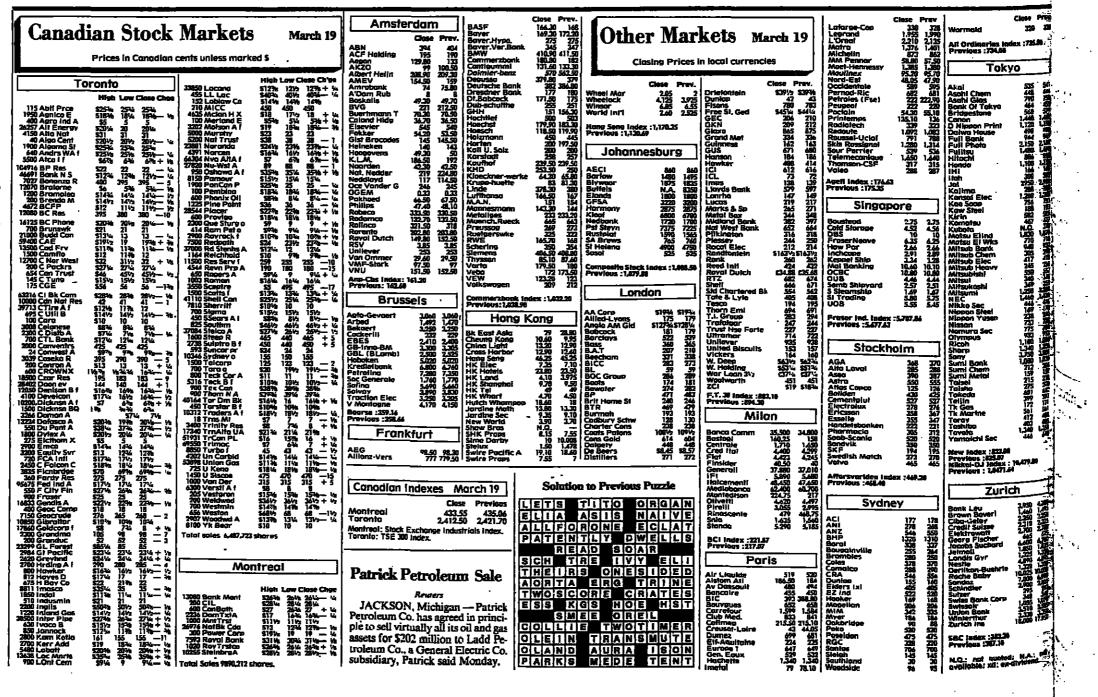


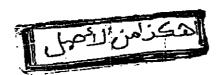
Instead, Lehmann lost bot the exchange and a pawn by 2.
PxP?: 25 BxR. QxN: 3

Mednis could have won piece with 31 P-N7, NxP; 3, N-Q3: 33 PxR/Qch, winning after the exchange, left no doub

Villa See

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**SPORTS** 

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# Leorgetown Survives Scare From SMU

ULLMAN. Washington - But the Huskies came out in the over Arkansas. Othell Wilson of rick Ewing made a crucial tip-in second half with a half-court trapmissed free throw attempt with seconds left to help No. 2 Devils in the early minutes and the ball was deflected to Carlisle, orgetown defeat Southern allowed Washington to fight back hodist, 37-36, Sunday in an into a 45-45 tie with 16:28 left.

AA West Regional game. a the second game, Washings all-conference forward Detici rempf scored 30 points, includ-21 in a second-half Washington seback, to carry the Huskies

Duke, 80-78. reorgetown fought back from a 16 halftime deficit by using a gh man-to-man defense to limit II to just two points in the first 48 of the second half. After cading its offense midway sugh a second half dominated re by tactics than good play, the yas managed to build a 6-point

ait Southern Methodist began get the ball again to their big imside and fought back to a 34-tie with just 2:46. Ewing's in of a missed free throw by regetown's Gene Smith broke deadlock with just 51 seconds aining. Georgetown's Michael cson added an insurance free ation shot at the buzzer.

a the other second-round con-

Schrempf, a versatile 6-foot-9 West German, provided the offen-

### NCAA TOURNAMENT

connected on a three-point play with just over eight minutes re-maining to give Washington its biggest lead up to that point, 69-60. With Washington spreading its offense out and slowing the game down, Duke was able to close the gap over the final minutes, getting

as close as 79-78 with 1:05 left. But a jumper from near the foul line by Tommy Amaker fell short with about eight seconds left and Duke ran out of time.

East Regionals fael Addison and a rugged man-to-man defense to blow by Virginia Commonwealth, 78-63, in East Regional play in East Rutherford, New Jersey. VCU, which employs w with only eight seconds that flash cards on the sidelines to signal ved to be the decisive point its defense, pulled to within 59-57 n Southern Methodist hit a des- with 6:33 left, but the Orangemen ran off 14 straight points.

Duke outscored Washington, baseline jumper with four seconds won the game with a 13-2 surge in 5, over the final seven minutes left in overtime following a blocked the second half.

of the first half to take a 43-35 lead. shot gave Virginia a 53-51 victory 

Virginia Tech, Pitt Advance Virginia had his shot from the side ping defense that bothered the Blue blocked by Alvin Robertson but who hit from 12 feet.

# Mideast Regionals

In Milwankee, Milt Wagner's sive spark in the second half. He spinning 12-footer with four seconds remaining carried Louisville past a rallying Tulsa, 69-67. Lan-caster Gordon scored 14 of his 17 points in the first half when Louisville surged to a 41-28 lead.

> In the second game, Efrem Winters muscled inside for 12 points to spark Illinois over Villanova, 64-56. Villanova trailed, 49-45, with 2:03 left before Bruce Douglas sank seven free throws to wrap upthe game for Illinois.

### Midwest Regionals

Tyrone Corbin scored 20 points and Kenny Patterson and Dallas Comegys added 14 each as DePaul defeated Illinois State, 75-61, in Syracuse used 24 points by Ra-Lincoln, Nebraska. "Tm happy," and Addison and a rugged man-to-said DePaul Coach Ray Meyer, who in his 42nd and last season of coaching. "I get to coach another

Kenny Green tossed in 20 points and Anthony Teachey addded 15 rebounds and 13 points as Wake Forest jumped to a 22-8 lead and then held off Kansas, 69-59, in the In the opener, Rick Carlisle's second game. The Demon Deacons

Joan Benoit

an '83 victory smile in Boston.

She considered retiring in 1982,

Virginia Tech and Pittsburgh advanced to the National Invitation Tournament quarterfinals after scoring victories Sunday, The Associated Press reported from Greensboro, North Carolina.

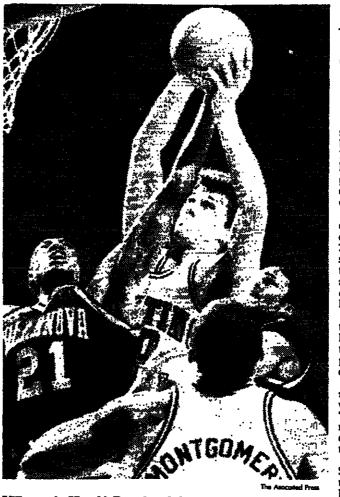
In the first game of the NIT doubleheader, clutch free throw shooting by George Allen and Billy Culberison led Pittsburgh to a 66-63 victory over Florida State. Pittsburgh led by as many as eight points, but the Seminoles fought back to tie the score three times down the stretch

In the second game, Al Young scored on a tap-in with three seconds left to give Virginia Tech a 68-66 victory over South Alabama.

East Residend Semifinals
Thersday at Atlanta
Syrocuse(22-6) vs. Virginiat 19-11)
North Corolina (28-2) vs. Indiana (21-8)
Mideast Regional Semifinats
Taursday at Lexington, Kentucky
Maryland (24-7) vs. Louisville (24-10)
Kentucky (27-4) vs. Louisville (24-10)
Kentucky (27-4) vs. Louisville (24-10)

Kennicky (27-4) vs. Louisvine (24-10)
Alidwest Replanal Semificals
Friday at St. Loeis
Houston (28-4) vs. Memphis State(26-4)
DePaul (27-2) vs. Wate Forest (27-4)
West Replanal Semificals
Priday at Los Aspeles
Deyton (20-10) vs Washington (24-6)
Georgetown (38-3) vs. Nevodo-Los Vigos (2 NIT PLAYOFFS

Manday's Second Read nooga (24-6) at Tennassee(20-13) Weber St. (23-8) of SW Louisiono (21-8) Nebroska (18-11) of Xovier, Obio (21-10) Marauette (17-12) of Michigan (19-10) Notre Dame (18-11) vs. Baston College (1



Villanova's Harold Pressley, left, attempting to prevent a sold, the Denver Broncos, cost Edshot by Scott Meents of Illinois in a battle under the basket. gar F. Kaiser, Jr. approximately to either Indianapolis or Phoenix.

# Murchison Agrees to Sell Cowboys for \$72 Million

By Michael Janofsky New York Times Service

HONOLULU - Clint Murchison, the owner of the Dallas Cow-National Football League, 1960, has agreed to sell the team to a partnership of 11 Texans that includes Tex Schramm, the only gen-eral manager the team has had.

Details of the transaction were completed last week, but the deal cannot be finished until the other 27 NFL owners vote to approve the sale. That vote, which requires a three-quarters majority (21 teams) approval, was expected to be conducted here Monday, when the eague's annual meetings begin.

But the vote could come later in the week because, as of Sunday, league officials had not completed their review of the financial and personal background checks on each of the partners in the group.

Pete Rozelle, the NFL commissioner, said that league officials were still awaiting the arrival of "some more papers." Even so, many league and club officials predicted that the owners would vote to approve the new group.

The sale price is believed to be

\$35 million in 1981 when he purchased the team from Gerald H. and Allan R. Phipps,

But the new owners of the Cowboys since their first season in the boys are buying more than the National Football League, 1960, team, which has been one of the league's glamour franchises since the 1970s. The deal also includes the remaining 65 years on the Cowboys' lease with Texas Stadium in Irving, Texas, and a large tract of

> Airport. The new ownership is headed by H.R. "Bum" Bright. 63, who is the president of the board of regents at Texas A&M University. Bright, 63, will hold the majority interest in the club, about 17 percent, according to a league official familiar with the arrangements.

land near the Dallas-Fort Worth

Schramm, who will own approximately 3 percent of the team, has been designated as the managing partner, and as such, will have full control over the daily operations of the club, as he has now. The other nine partners will hold the remaining but unequal shares.

■ Colts' Shift Possible

The Cowboys' sale may not be the only franchise discussions at \$72 million, which would make it the owners' meetings. The Associthe most money ever paid for an NFL franchise. The last team to be Colts' owner. Robert Irsay, has

# **Iarathoners Take Contrasting Routes to Los Angeles Games**

# ith an Uneasy Truce With Fame, enoit Trains in Isolation of Maine

By Jane Leavy

Washington Post Service REEPORT, Maine — Her eyes slate blue, the color of the steely ter ocean outside her window.

n Benoit's house sits on an icy
a just down the road from L.L. n, where there are no locks on

doors and you can buy long lierwear 24 hours a day. ivery morning, Benoit puts on woolen longjohns and runs. Ici-: cling to her face. She runs on, ling the same snowy loops day a day. The only thing that wans is her mind. She thinks about wedding next September, about tting, cooking, the renovation of 150-year-old house. And she is up the pace because she real-

er does she think about stoplere, in rugged isolation, away n the running communities re mileage is a form of currenne marathon, has chosen to prefor the 1984 Olympics. This trange. "People think I'm an ity training up here," she said. onsider myself a perfectly nor-

how much she has to do. But

Maine person." he smile was wry. The reason in Maine is that it's where I w up," she said. "I'm very comable around the ocean. I find ocean is very much like my own sonality. I can be so calm and thing. Other times, I'm so tur-

VHL Standings

bulent and riled up. People get the impression I'm a hermit up here. I'm not. I'm surrounded by friends who accept me for who I am and not what I've accomplished in run-

Last April, she won the Boston marathon in 2 hours 22 minutes 42 seconds — three minutes faster than than the previous women's worldbest time for the distance.

She has not run a marathon since, eschewing the World Championship last summer in Helsinki and a confrontation with Grete Waitz, and will not run another until the Olympic trials in May. There are only so many marathons in her 5-foot-3, 105-pound (1.60-meter, 47.6-kilo) body, she says.

That morning last April, when she stepped to the starting line, she brazenly handed her split watch to her trainer, Bob Severny. "She didn't want any barriers," Severny said. "If you got a watch, you've Benoit, the world record-holder got barriers. If you look down and you see 32 minutes at 10 kilometers, you're going to think, 'Oh, my God, I'm going too fast.'"

After she won in Boston in 1979,
Benoit said she would never run a
marathon again. "Everyone wanted another piece of me. If I didn't

The pieces are there, but any bers they all give it to them, I was terrible. It was a huge maturing process for me."

At age 26, she has reached an meeting the said and the said a

uneasy truce with fame. She does long I compete at the rate I'm comwhat she must to accommodate it, but mostly she does it alone. "I think running is my challenge," she said. "It wouldn't be as large a challenge if I involved other people. I get advice. But it's not like when she had surgery on her Achilthey're monitoring me. I swore up and down I'd never get an agent."

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### NBA Standings EASTERN CONFERENCE

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Mescaler 2 (35): Virto (6), McKenna (19). Ner (39); lebec S. Minnesoto S. (Souve (8), McKeo-Chi. A. Stashni (21), Gillis (8), P. Stoshni I. Landra (9), Roberts (7), Plett (13), Se 2 (27)). 23). Seofile 124 Golden State 97 (Williams 28. Chambers 15; Carroll 24. Johnson 16).

# EASTERN CONFERENCE

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# Transition

FOOTBALL
United States Football League
LOS ANGELES—Signed Kevin Mack. runnies bock, and James Robinson, detensive
sackle.
NEW JERSEY—Cut Tim Cutts punter.

Washing the Rev Leasue
Washing TON Recalled Lou Franceschertil right wing, from Hershey at the Ameri-

CON Mockey Laggue. head toothall coach.
TEXAS LUTHERAN-Homed Verson
Fewell, head toothall coach, othletic director.

# Seko Strives for Success Through Nakamura's Tutelage

By Clyde Haberman

TOKYO — The best marathon man in Japan and possibly the world is a sleek 27-year-old with hawklike features, a bristling crew cut, a pleasant manner and a disposition to utter as few words as

He is also a gruff 70-year-old with a lived-in face, slick hair, a commanding presence and an eagerness to talk about himself. The younger man is Toshihiko

Seko, and he is the one who will actually be running Aug. 12 at the Olympic Summer Games in Los Angeles. Holder of the fourth-fastest marathon time ever -2 hours 8 minutes 39 seconds - Seko has not lost since 1979. He also has not been tested often, having run only nine races over the last seven years. Japan's participation in the U.S.sponsored boycott kept him out of But after the victory in Boston,

she hired a lawyer, Ed Whittemore, to handle the requests. Whittemore says she since has turned down mura, and in a sense he will be out tendency to suffer injury, including about \$200,000 in endorsements. there on the Olympic course as a seriously damaged right knee af-Her marketability (potential much as the runner. He is the coa- ter he won the 1981 Boston Maralong-term deals), her upcoming

of 100 runners, including some of Japan's best, but none who stands out more than Seko. According to Nakamura, his relationship with all outs. He and Nakamura also visits of the Olympics, he is getting students betray me. I myself have betrayed God tens of thousands of times. But I forgive them, and pursue the goal." peting won't be much longer. I may compete three years or five years or of them is "just like Jesus and his ed Los Angeles in January to study 10. I may have a family and come apostles."

"I am a coach of athletes," he says, "but completely different Los Angeles are bad, but it's worse who are barking that I am a fanatfrom American coaches. I am a here in Tokyo," Seko said with a ic," he said. les' tendons. She would rather quit seeker of truth through racing."

early than leave as a cripple.

She thinks about graduate school in environmental studies, a concern What he develops, he says, is far more than pairs of fast-pumping legs. He builds for his runners : born from her running. Her fiance, spiritual framework, a philosophy that emphasizes dedication and rig-Scott Samuelson, is applying to business school, which could mean or and that is shaped with a stream a move back to Boston, where she of quotations from the Bible, the coached the women's distance team Book of Zen and the Buddha's at Boston University until last teachings.

Nakamura's athletes study as She has taken up cross-country much as they run. And they listen skiing "People ask me if L.A. doesn't work out, would I hang around for Seoul?" she said. "I tell to him talk even more than they study. Eight of them, including Seko, live in apartments behind the coach's house in Tokyo's Sendathem my aspirations are more to Calgary [the site of the 1988 Winter Olympics]. I'm not being facetious at all. I'd like to switch to crosstheir free time there, staying clear of tobacco, liquor, the opposite sex and the ample pleasures of this neon-inflamed city. People think she is crazy to ski. She tells them running on icy back roads is far more dangerous. But it was a skiing accident in her sopho-

"Coach and runner are not two more year in high school that start- separate individuals but should be ed her running career. "I always wanted to make it to the level I am in running in skiing," she said. "I "This may be difficult for Westernstarted running to get back into shape for skiing. I just loved it." ers to understand. It is not a contradiction to say two and, at the tradiction to say two and, at the same time, one. It is an Oriental Her training schedule includes rwice daily runs and splitting wood.

It also involves a distinctly Japa-She is committed to at least one road race, a 10-kilometer, this spring.

Severny has no doubt that she can break 2:20. But he says it will not harmen this way. At the team of harmen this way. not happen this year. At the trials, she will be concerned only with making the team. The heat and the United States, it is only one smog in Los Angeles will be condu- element of many for Nakamura. cive to a tactical race, not a record. How one prepares to win counts as

His No. I disciple hardly disagrees. "I have dedicated everything to the race." Seko said. "If I lose, there will be no repentance because I did everything." He then looked to Nakamura, sitting alongside. Seko calls his coach sensei. The word means teacher. It can A-AMERICAN also mean master.

This unusually close relationship said. "This morning, it was below has led to criticism, especially zero and the wind was in my face. I among Westerners, that Seko is lithad icicles all over my face and my the more than the latest in Japanese fingers were curled inside my mit-tens and I said I better not stop. I turned out of the wind and it was a shared by some Japanese.

five years ago. In the Sometimes, I feel I need a mask."
marathon, only Alberto Salazar of That observation was one of his the United States, Robert de Castella and Derek Clayton, both of Australia, have faster times.

Ikangaa of Tanzania, but sprinted beat out Ikangaa by three seconds. Salazar faded to fifth place. Both he and Ikangaa are expected to be Los Angeles, along with de Castella and Kebede Balcha of Ethiopia.

"If it's neck and neck at the end. it probably will be Seko," said Al-lan Steinfeld, coordinator of the

New York City Marathon. Fukuoka was Seko's last race, the 1980 Moscow Games. Now, he and he will not run in another until has made Los Angeles his crucible. Los Angeles. He is careful about
The older man is Kiyoshi Nakahis schedule, a wariness bred of a

the Olympic route.

That observation was one of his

longer ones. Seko tends to defer to his sensei - not that he has much choice. In the interview, Nakamura Seko's main strength is a capaci- broke in to answer almost every ty for spurts of uncommon speed, question that was directed to his which he showed to advantage last student. When you ask of Seko, it December in the marathon at Fu- is the same as a question to Nakakuoka, Japan. For almost the entire mura," he said in one of many race, he trailed Salazar and Juma Luird-person references to himself Nakamura was a prominent run-

hard for the last 150 yards or so to ner in his own right during the 1930s, holding for many years the Japanese record for 1,500 meters. He started coaching fulltime in among Seko's principal rivals at the mid-1970s. Technically, he is on the staff of Waseda University in

Tokyo, but he basically operates on It is Nakamura's conviction that, like other Japanese track stars, Seko is "physically inferior to Western runners." The pupil thus needs bolstering, which the coach believes he provides with his own personal magnetism and a steady supply of Zen and Biblical apho-

"I am not just the runner's coaakin to saying that Horowitz makes a living by pounding ivory keys—
test" of him — before he returned to competition. That was in February, 1983 in the Tokyo Marathon, Nakamura presides over a stable of 100 runners, including some of Japan's best, but none who stands of Japan's best, but none who stands of weight lifting and 25-mile work—

A period he refers to as "God's sayings and, at the same test" of him — before he returned to competition. That was in February, 1983 in the Tokyo Marathon, which he won with his fastest time. For the Olympics, he is getting into shape with a daily regimen of weight lifting and 25-mile work—

Seko. According to the refers to as "God's sayings and, at the same test" of him — before he returned to competition. That was in February, 1983 in the Tokyo Marathon, which he won with his fastest time. For the Olympics, he is getting into shape with a daily regimen of weight lifting and 25-mile work—

Seko. According to before he returned to competition. That was in February, 1983 in the Tokyo Marathon, which he won with his fastest time. For the Olympics, he is getting into shape with a daily regimen of weight lifting and 25-mile work—

Seko. According to before he returned to competition. That was in February, in a sense, our relationship is just like Jesus and his apostles. Just like Peter, my students betray me. I myself have betrayed God tens of thousands of weight lifting and 25-mile work—

Seko. According to before he returned to competition. That was in February, in a sense, our relationship is just like Jesus and his apostles. Just like Peter, my students betray me. I myself have betrayed God tens of thousands of weight lifting and 25-mile work—

Seko. According to be refers to as "God's sayings and, at the same test" of him — before he returned to competition. That was in February and then rolled in a 2-foot birdie putt on the second playoff hole to capture the Bay Hill Classic over George Burns, who had a 5-foot birdie putt rim the cup just before Koch tapped in the cup just akin to saying that Horowitz makes — a period he refers to as "God's God's sayings and, at the same

Some regard all this as fanatical

# **SPORTS BRIEFS**

# China Hints It Will Join in '88 Games

BELIING (Combined Dispatches) - Communist Party leader Hu Yaobang has given the firmest hint to date that China would send a team to the 1988 Summer Olympics in South Korea, according to a visiting Japanese delegation. China and South Korea do not have diplomatic relations, but they are rapidly establishing sport contacts.

Hu told Masayoshi Ito, Japan's former foreign minister, that China had already decided to participate in international sports meetings according to international rules, the Japanese diplomats said.

"China has told North Korea about this policy." Hu was quoted by the apanese as saying Sunday. North Korea plans to boycott the Games rather than send athletes to rival South Korea.

China's participation in the 1988 Olympics would almost certainly be receded by its participation in the 1986 Asian Games, which will also be held in South Korea, diplomatic sources said. China has made no official announcement on its participation in the Seoul Olympics. (Reuters, AP)

# 2 Horses Die in Spill at U.S. Track ARCADIA, California (Combined Dispatches) — One horse died and

another was destroyed Sunday in the accident-marred Santa Ana Handicap at Santa Anita. Avigaition, who escaped the accident on the clubhouse turn, rallied to win the race by 21/2 lengths over Pride of Rosewood. High Haven, a 5-year-old mare who had won almost \$200,000, broke a foreleg on the first turn and fell. Royal Heroine and Sweet Diane stumbled over the fallen horses, spilling their jockeys. High Heaven had

to be destroyed because of the extent of her injuries. Sweet Diane, a 4-year-old filly with \$268,000 in career earnings, broke her neck upon impact with the turf and died instantly. The other horse involved, Royal Heroine, had only scratches. But Fernando Toro, riding Royal Heroine, suffered lacerations and a concussion. (AP, LAT)

# ch. But to say that he trains Seko is thon. It took Seko almost two years that Horografty makes —a period he refers to as "God's covings and at the same Kock Beats Burns in Golf Playoff

Bean in 1981 and Greg Norman in the second round on Friday. Bernhard Langer of West Germany, shot a 5-under 66 Sunday and the Olympic route.

behavior, and on this point; Naka"Some say the exhaust fumes in mura lost patience." It's only losers claimed third place with a four-round total of 273. Hal Sutton, the thirdround leader, was next with a 1-over 72 for a 275. Norman ended with a round leader, was next with a 1-over 72 for a 275. Norman ended with a strange round that included an eagle, two birdies, four bogeys and a double-bogey for a 73 and a sixth place finish with 277.

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"I don't know how much faster I much. can get," she said. "Maybe we'll never know. I may not be compet-ing that hard after the next year." She has finished every marathon she ever started. She has never quit in the middle of a training run, never walked in. It is a methodical, compulsive process. "Every once in a while there's a moment of joy, and that's what I do it for," she

"I know I'll be in trouble the first time I give in. I've been entertaining the thought more and more ing the drought more and more and more included in the is 5-lect-7 (1.70 meters) tall frequently. Then I realize that I've and weighs 135 pounds (61 kilos) and weighs 135 pounds (61 kilos) got plans for this year. If I can just —a body without a gram of unneclated toothol cooch.

TEXAS LUTHERAN—Normed Version Fewel, most doubted cooch ethietic director.

### he lost to Bill Rodgers in Boston laugh. "The cars here are bad. New York Times Service

# Campaign MOMENTUM

ASHINGTON — The group

from Argyle. Argyle and Sox
the machine. Advertising Agency was ushered into Senator Dimblebutton's office. They were there to get the account for Senator Dimblebutton's political race.

"Senator," said the vice presi-dent of AA&S. "we've worked on a campaign that is going to knock The AA&S creative VP said,

"We're going to give you something that your opponent doesn't

have. Two flunkies set up an easel and put a large white sign covon it.

ered by a cloth "Get ready for this, Senator." a VP said. The cloth was Buchwald

pulled off. There was one large word. "MOMENTUM." The advertising men all looked at the senator for his reaction.

'That's it?" the senator asked. "What do you mean, that's it? This is going to get you re-elected for the next six years. Our research people have been working on this campaign for six months. The one thing they discovered that every voter in your state wanted was momentum. No candidate who has ever run for public office ever lost a race if he had it, and no candidate has ever won if he lost it."

"How do I get momentum?" the

senator wanted to know.
"That's our job. We'll run commercials, plaster billboards and in Iowa and New Hampshire no place newspaper ads, and every one Big Mo."

But where's the beef?" proposed TV commercial, Harry."

### Temple Found in Kabul

The Associated Press ISLAMABAD. Pakistan — Archaeologists in Afghanistan have unearthed a "majestic" 1,600-year-old Buddhist temple in Kabul, the Soviet Embassy in Pakistan reported. The site, at the capital's Maranj Hill, also yielded terracotta statues and bronze and copper coins, the embassy said in a daily report.

Harry inserted a videotape into A runner wearing a big "M" on

ton and I'm running for a third term. If I am re-elected I will give this state something it has never had before — momentum." The jogger started to speed up and passed a car with a driver who looked exactly like Dimblebutton's opponent and as the TV commercial ended, Dimblebutton was 50 yards ahead of his opponent. "It says it all in 30 seconds," the

"Don't you want me to do any TV commercials stating where I stand on unemployment, the Soviet threat, and how the big interests are

VP said.

taking over the country?" "You'd be wasting your money. The only thing the voter is interested in is a candidate's momentum. If he has it they want to be on his side because America likes winners."

"I see your point," the senator said. "But aren't we putting all our eggs in one basket with a momentum campaign? Couldn't we have some backup commercials empha-

sizing my charisma?"
"Charisma is old hat. Look what it did to John Glenn. This is new. this is fresh, and if you don't mind my saying so, sir, with your voting record, momentum is the only thing you've got going for you."

"It's not just the advertising campaign that will put you over," a VP said. "The media is crazy about a candidate who has momentum. Look at Gary Hart. Before he ran one knew he was in the race. But of them will say that you have the 'Big Mo."

after those victories, the press could talk about nothing but Hart's 'M Spot.' How did the political "Show him the videotape of a pundits explain it? Very simply. oposed TV commercial, Harry." They said Hart had momentum and Mondale lost it."

> "Okay, you persuaded me," the senator said. "How much will it cost me?" Ten million dollars, including

the jogging suit."
"That's a lot of money." "Senator, that's the beauty of momentum. Once the lobbyists think you have it, the campaign money starts dropping from the

# Yuri Lyubimov

Totally Absurd, Something Out of Kafka' his wife Katalin, a Hungarian who lost her job as a journalist in Budapest as soon as he was dis-

By R.W. Apple Jr. New York Times Service

LONDON — Yuri Lyubimov. the Russian director who was dismissed from his post as head of the Taganka Theater in Moscow earlier this month, said that his downfall had resulted in part from the death of Yuri V. Andropov, who had often shielded him from the wrath of Soviet

cultural watchdogs.

Lyubimov added that he was "quite sure" he would soon lose his membership in the Communist Party and his Soviet citizen-

ship.

But he vowed that he would never ask for political asylum while he had any choice in the matter, because that would sim-ply justify the actions of the cultural bureaucrats - the chinovniki, he called them, using the czarist term for high-ranking civil servants — who had always ac-cused him of being anti-Soviet.

"They have thrown me out of the theater I created," said Lyubimov, an animated man with lank silver hair, darting eyes, and the profile of a falcon. "They have taken away the most precious thing I had - the chance to carry on with 20 years' work. How dare they? No foreign enemy, no mat-ter how much he hated Russia, could possibly do the damage to our culture that these stupid little men have done."

All during his career, the director has lived at the dangerous edge of official tolerance, often challenging stated cultural doc-trine and surviving through appeals to ranking Soviet politi-cians. Both Leonid I. Brezhnev and Andropov had intervened on his behalf during their terms as Soviet president, he said, and he ascribed his downfall to Andropov's illness and death.

About 17 years ago, Lyubimov said, he auditioned Andropov's son and daughter, both of whom wanted to join the Taganka company. He sent them away, telling them that they were too young, that they should complete their university studies before deciding on a career.

headed the KGB, Lyubimov apheaded the KGB, Lyubimov appealed to him for help, and Ansilent?" The banned Taganka dropov agreed to see him. Andro-pov began by saying, "I have to boyar, out of costume, descend



Director lays his dismissal in part to Andropov's death.

thank you as a father, because you convinced my children of something my wife and I could not." He cleared the way for one performance of Lyubimov's production about his protègé, Vladi-mir Vysotsky, the balladeer who died in 1980 at the age of 42, such a popular hero that 30,000 people

attended his funeral. But when Andropov became ill after succeeding Brezhnev, the di-rector continued, things changed. Andropov's rival, Konstantin U. Chernenko, made a speech attacking liberal intellectuals, and the Taganka was refused permission to put on either the satirical play "Alive" or Pushkin's "Boris Godunov," on which Mussorgsky based his opera, and it was also forbidden to stage further perfor-

mances of the Vysotsky play. Typically, Lyubimov had injected a note of topicality into the Pushkin drama, in which a boyar reproaches the Russian masses Years later, when Andropov for doing nothing about tyranny.

into the audience at the final curtain and asking the same ques-

Cultural Politics in the Soviet Union Are

under such circumstances. Then. he gave an interview discussing his problems to The Times of London while he was in this country directing his acclaimed version of "Crime and Punishment" at the Lyric Theater in Hammersmith. It won awards as the best play of the year in 1983. It was a gamble, the 66-year-

old director confessed, and he lost. He named the villains of the piece as Viktor V. Grishin, 69, the hard-line head of the Moscow party and a Politburo member; Pyotr N. Demichev, 66, the minister of culture, a former chemical engineer whom he decribed as an incompetent fool"; and Mikhail V. Zimyanin, 69. a member of the party secretariat who plays

H.

# **PEOPLE**

# Successor to Maazel

Claus Helmat Drese will become director of the Vienna State Opera for the 1986-87 season, replacing Lorin Manzel, it was announced Monday. Manzel said last week that he would step down, follow that he would step down, follow Greek journalism of being a "dies." English, and he speaks only a few words of Italian and German. They have little money but many friends in the West, and they plan pleasure with the way he had been handling his duties. Helmut Zilk, minister of education and the arts. to live at least part of the time in an apartment here made avail-able by Mstislav Rostropovich. said that he hoped Maazel would agree to frequent conducting en-gagements under Drese, now the head of Zurich's opera house. There are plenty of offers of work, chiefly in the world's major

A leading Chinese poet. Al Qing. 74, is to have his long-suppressed first novel published, the official

where he studied painting.

Robert E. Mulholland, who in 23

NBC News in Chicago to president

and chief operating officer of Na-

tional Broadcasting Co., resigned the posts he has held since July

1981. Mulholland gave no reason

п

for his action.

opera houses, and there will no doubt be many more; leading European critics have referred to Lyubimov in recent days as the world's foremost director. He will direct "Rigoletto" at the Maggio Musicale in Florence this spring, and he has been asked to stage Berg's "Lulu," which he did in Turin last year. But he must settle down somewhere so

the ceilist and conductor.

missed, and their 4-year-old son.

Pyotr. None of them speaks any

He will probably stay here, because he likes London, because English actors such as Sir John Gielgud have befriended him, and because he thinks that British schools are good. He hopes to learn English.

that Pyotr can begin his educa-

In the course of a long conversation, ebullience occasionally broke through his somber mood. At a meeting last summer, the director told the cultural authorities that he could no longer work about the Japanese, he pulled his eves into slits with his fingers. His hands zoomed about as he spoke in rapid-fire Russian, he often shrugged theatrically, and he did a perfect imitation of Brezhnev's

deep, slurred speech.
But the bitterness also showed. Cultural politics in the Soviet Union, Lyubimov said, are "totally absurd, something out of Karka, Chinese in their complexity." Asked what he thought of the Communist Party to which he still belongs, he repeated a favor-ite comment — that his politics came from Dostoyevsky and the

Then he added: "I think the same thing about the party that you do. There are two characters in a Russian novel. One of them my Award-winning music for the a major role in cultural affairs.
He referred to Zimyanin repeatedly as "the little Goebbels."
says. "The party has two wings, you know. The other replies, "Yes. I wish it would use them. edly as "the little Goebbels."

Now Lyubimov finds himself shut off from his homeland with straight to bell."

Yes. I wish it would use them, take off like a bird and fly straight to bell."

Claus Helmit Drese will become sentence, handed down two year ing expressions of government dis-pleasure with the way he had been torship" during a radio program; W: Off 1980.

Luciano Pavarotti will give a en cert in Madison Square Garden ( Aug. 16. Pavarotti will be the fir classical musician to give a contain the 19,968-scat Garden at 3 Street. Assisted by an orchest and electronic amplification. will sing arias and Italian songs.

news agency Xinhua reported. Ai was labeled a "rightist" in Man Zedong's crackdown of 1957 in which he promised to let "a hun-dred flowers bloom and a hundred The Explorers Club defend serving lion hors d'oeuvres a hippopotamus meat at its anne schools of thought contend." but dinner and said it would not m then punished those who criticized his policies. In 1959 the poet was Britain's Prince Philip as a me ber. The prince, an honorary me ber of the New York-based d sent to the remote northwest region of Xinjiang where he wrote most of his novel, "Notes on the Oasis," between 1961-1966, Xinhua said. since 1978, quit when he said learned the explorers are hon a hippo at last year's annual dim The prince is president of a Then came the 1966-76 Cultural Revolution. Ai's manuscript was World Wildlife Fund. Buckingh: seized in 1966 and returned to him palace announced his resignati in 1968, the agency reported. He completed it in recent years, the from the club last week. A d spokesman said its tradition serving exotic hors d'ocuvres was report said, and its first chapter has appeared in the current issue of a continue. This year, dinner will. Xinjiang literary magazine. The full novel will be published in Sepclude huttered sea urchins will main course of breast of pheast tember. It consists of 30 self-con-Jay Headly, club media chairm tained stories about the struggles of said the club understood the mir the pioneers who tamed desert-like was "an avid pheasant and ge-Xinjiang. Ai Qing achieved fame with his first long poem, "Dayan River — My Nurse," in 1932, after returning to China from France. hunter. Perhaps he could send u few pheasant for our dinner."

The chairman of the U.S. Ja Chiefs of Staff says religious pen should consider military duty a years rose from newswriter for method to avoid "sinful natur General John Vessey Jr., the Ur ed States' top military offic spoke to a military breakfast sp sored by the Full Gospel Busin Men's Fellowship International San Antonio, Texas, Comment on debates over the morality military service. General Ves The Greek composer Manos said, "Man's sinful nature is Hadzidakis, who wrote the Acade-cause of war. Can we, in fact, se cause of war. Can we, in fact, se God while we go about our tent 1960 film "Never on Sunday," was ral duties in military unifor sentenced to five months in jail for General Vessey asked, "Yes," calling music critics "pigs," an Ath- said, because "man's sinful nar ens court spokesman reported. He is the cause of war and requires!

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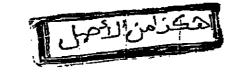
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